

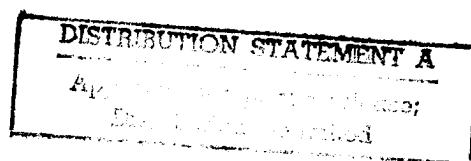
JPRS-UWE-89-001  
18 JANUARY 1989



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

---

# ***JPRS Report***



## **Soviet Union**

---

### ***WORLD ECONOMY & INTERNATIONAL RELATIONS***

No 8, August 1988

**DTIC QUALITY INSPECTED 3**

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

19980601 135

# **Soviet Union**

## **WORLD ECONOMY & INTERNATIONAL RELATIONS**

No 8, August 1988

JPRS-UWE-89-001

### **CONTENTS**

18 JANUARY 1989

[The following is a translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZH-DU-NARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations of the USSR Academy of Sciences. Refer to the table of contents for a listing of any articles not translated.]

English Summary of Major Articles [pp 158-159] .....	1
Benefits of Moscow Summit Assessed [N. Shishlin; pp 5-9] .....	2
Progress Toward Uniform Ruble Convertibility Essential [V. Spandaryan, N. Shmelev; pp 10-25] .....	5
Total Nuclear Test Ban Would Promote Nonproliferation [V. Goldanskiy, V. Davydov; pp 26-38] .....	14
'Code of Conduct' Would Aid Settlement of Regional Conflicts [A. Kislov; pp 39-47] .....	22
Concerted Anti-Terrorism Measures Urged [G. Mirskiy; pp 68-74] .....	28
X-Ray Laser Weapon Data Reported Falsified [S. Rodionov; pp 75-80] .....	32
Current Restructuring Processes Seen Aiding European Security [A. Kokeyev; pp 114-116] .....	38
Opportunities for Increased Soviet Countertrade Deals Assessed [T. Kobushko; pp 122-125] .....	40
Extent of Japanese 'Militarization' Debated [A.P. Markov, V.B. Ramzes; pp 126-127] .....	44
Monograph Contrasts Resource-Saving Techniques in USSR and FRG [V. Karavayev; pp 139-141] .....	46
Seminar, Meetings at IMEMO Institute Chronicled [pp 148-149] .....	48
Articles in MEMO Not Translated .....	50
Publication Data .....	50

## WORLD ECONOMY & INTERNATIONAL RELATIONS

No 8, August 1988

### English Summary of Major Articles

18160001a Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 88 pp 158-159

[Text] The journal publishes an interview with N. Shishlin entitled "Moscow Summit: The Road Is Being Paved for Tomorrow" in which he emphasizes that normalization of Soviet-American relations was dictated by the internal logic of the two countries' mutual interests. One more noticeable step forward was made aimed at creating an atmosphere of greater understanding and confidence between the two states. There were some accomplishments on summit in Moscow but the Soviet Union was prepared for reaching greater understanding in the problems dealing with abolishing of the Warsaw Treaty and the NATO offensive potentials and for building of a world code of conduct. Unfortunately, political America was not ready for radical disarmament measures. But the dialogue of the two leaders was of key importance. The subject of talks was complex having an impact on the way of thinking of politicians on both sides. N. Shishlin touches upon the problem of complicated negotiations centering upon sea and air-launched cruise missiles and an agreement on a 50 per cent reduction of strategic offensive arms. He believes that the Soviet-American relations of today are more predictable than three or four years ago and the work over the START agreement will be continued for such an agreement is a key of the Soviet-American dialogue. Shishlin points out that objectively the USA and the USSR are interested in dismantling of military confrontation and drastic cut of strategic arms. Subjectly the USSR will not weaken its efforts in searching for compromise solutions of the problem.

The article by V. Spandaryan and N. Shmelyov "On Heightening the Effectiveness of Foreign Policy Ties of the USSR" is dedicated to one of the most urgent problems of the economic perestroika in the USSR, namely the ways and means of realizing the advantages of international division of labour—the process of cardinal economic reform in the USSR. The authors speak out in favor of great "openness" of the Soviet economy. In this context they consider the issues of transition to a more offensive export strategy, the determination of the perspective trends of development of the Soviet export potential, upgrading of its structure and gaining new positions in the world markets. Of paramount significance for the promotion of exports, the authors believe, should be a currency reform aimed at establishing a single economically viable rouble exchange rate and gradually paving the way for its convertibility. The article pays special attention to the prospects for development of progressive forms of foreign economic contacts, such as scientific, technical and production cooperation, the setting-up of joint ventures, free trade zones, more active credit policy. The opinion is

expressed that more active participation of the USSR in the international economic organizations is necessary. The authors' analysis is based on their own experience on the lessons and mistakes of the past difficulties. Among other things they write about practical inculcation of the adopted decisions and perspective ideas. The Soviet reforms are compared with those in other countries.

V. Goldansky and V. Davidov in the article "Prevention of Nuclear Proliferation" center their attention on the role and importance of a comprehensive test ban to prevent nuclear proliferation. In the sphere of such proliferation a grave situation has taken shape. Despite the fact that there are more than 130 states-parties to the 1968 Treaty on Non-Proliferation of Nuclear Weapons nearly 40 states have not joined it. Among them are South Africa, Israel, Pakistan, India, Brazil and Argentina. These "near-nuclear" states are capable of producing nuclear weapons in a short period of time. But the adoption of such a decision depends on the nuclear policy of the USA and the USSR. If they, as states-depositaries of the Non-Proliferation Treaty, reach an agreement on the discontinuance of all test explosions of nuclear weapons for all times that could hinder nuclear preparations in South Africa, Israel, Pakistan, India, Brazil and Argentina. Without a comprehensive test ban treaty it is hardly possible to count on the prolongation of the 1968 Treaty on Non-Proliferation of Nuclear Weapons after the term of its operation expires in 1995. The article examines the approaches of nuclear states—the USA, the USSR, United Kingdom, France, China and non-nuclear states to the problem of a comprehensive test ban. Towards the end of the 80s the USA, Britain, France turned out to be in the complete isolation in the world community on this matter. The authors believe that for a dependable prevention of nuclear non-proliferation it is as never before necessary to realize on an international level a ban of all nuclear tests.

A. Kislov in the article "New Political Thinking and Regional Conflicts" speaks about the urgent necessity of settling of regional conflicts which devour tremendous material resources so badly needed above all by the developing countries. The Soviet Union sets the task of activating collective efforts, directed at the settlement of conflict situations in different regions of the world without any exceptions. The author declares that in the solution of this task of importance is a positive contribution of all states—big and small. The article subjects to criticism Washington's policy of considering any conflict in any region of the world above all in the context of Soviet-American confrontation, trying to increase the involvement of the Soviet Union in the conflicts, forcing it to scatter its economic and other resources to the maximum, to politically isolate the USSR, to counterpose it to other "power centres" formed in this or that regions. The impression is created that local conflicts and crisis situations open for the USA additional opportunities for rendering political, economic and military pressure on countries, involved in such conflicts and above all on those states and powers, whose policy is not

to the USA liking. The article notes the important political role of the UN which is called upon to normalize the situation in the regions of conflicts. The author draws the conclusion that the new political thinking should contribute to the settlement of regional conflicts in any "hot points" of our planet without which the stable security in the world is impossible.

"Working Class during the Great Mutations" by A. Minucci is a reprint from the "Rinascita". The author particularly focuses on the fact that as yet the struggle in the country was concentrated on the scientific-technological restructuring of industry, manifested in the form of sharp ideological conflicts. Today the problem is posed in a new way, stressing that the working class and left forces should develop a real movement, start a new phase of class struggle, and be capable of realizing the control over the process of renovation and reorganization of industry. The article notes that the present-day form of modernization and the degree of inter-penetration of economy and policy leads more often than in the past to transformation of any problem dealing with production and economy to the problem of democracy and power. The noted modernization places the working people's movement in the centre of relations between independence and democracy where precisely the new working class can be self-realized as a new class.

V. Kuznetsov in his article "Regulation of Capitalist Economy in the 80s" notes that the economic policy of Western states in the 80s carried out under the neo-conservative slogans can be regarded on the whole as an example of the adjustment of capitalism to the changing conditions of production. The rejection of some of the centralized methods of regulation is the result of the growing market competition and the increasing role of the market mechanism in shaping out of the macroeconomic proportions. Boosting the growth of high/tech industries, leading to their higher effectiveness the market competition had brought about a revival of speculative expectations in the world capitalist economy as a whole and uncontrolled flow of credit and currency from one country to another. Governments were faced with the task of neutralizing the unfavorable impact of these processes on the reproduction of goods and capital through coordination of their economic strategies.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

#### **Benefits of Moscow Summit Assessed**

18160001b Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 88 pp 5-9

[Interview with Nikolay Vladimirovich Shishlin, journalist specializing in international affairs, executive of the CPSU Central Committee: "The Way to the Future Is Being Paved"]

[Text] **Question.** How, in your opinion, do our goals connected with the summit correspond to its results?

**Answer.** A good, notable step forward has been taken. Soviet-American relations, which were in the past based on suspicion, mistrust and simply enmity, are being transferred to a realistic footing, where both parties are beginning to recognize clearly that both the Soviet Union and the United States and, objectively speaking, the whole world community are the losers from the glacial state of their relations.

Might more have been achieved? Probably, yes. In any event, the Soviet Union was prepared for this. I refer to our balanced proposal concerning a gradual lowering of the level of military confrontation in Europe incorporating an exchange of information on arms and armed forces, verification of this information, including on-site inspection, the elimination of the asymmetries and imbalances between NATO and the Warsaw Pact, a reduction in the numbers of the armed forces of both alliances by approximately 500,000 and then their subsequent build-down on the basis of the reasonable sufficiency principle. All this could be formulated in brief: the Soviet plan is a plan for elimination of the offensive potentials of the Warsaw Pact and NATO. The American side was not ready to accept it, referring to the need to consult its bloc partners.

From the Soviet viewpoint it would be useful to record certain general principles of mutual relations between the Soviet Union and the United States—something like a code of behavior on the world scene. But the American side was not ready for this either.

**Question.** How would you describe the atmosphere of the meeting compared with the preceding negotiations of M.S. Gorbachev and R. Reagan? After all, some American political scientists are maintaining that top-level meetings are more of symbolic, even ceremonial, than real significance.

**Answer.** First, I do not accept this viewpoint. It would seem to me profoundly mistaken if only for three reasons. Each meeting is preceded by, without any exaggeration, a tremendous amount of political and diplomatic effort, in which all departments dealing with foreign policy matters are involved. In the course of the work positions are honed and the range of possible compromises and agreements is defined—in a word, a road to the future is paved.

Subsequently, in the course of the top-level meetings themselves, intensive negotiations are conducted at various levels, and the contours of what is possible frequently appear and pretty good "fantasies" are born in the discussions and arguments.

Finally, the meetings of the leaders themselves and their discussions are undoubtedly of key significance both by virtue of the responsibility borne by both leaders and by virtue of their authority. It does not have to be said that

the very practice of the last four Soviet-American meetings has shown how important dialogue at the highest level is and how much it gives to both an understanding of the parties' positions and the finding of paths toward agreement.

As far as the atmosphere of the Moscow meeting is concerned, it was not simply businesslike but friendly. It would be wrong to regard the words of R. Reagan and his wife when taking their leave of their hospitable hosts to the effect that they regarded M.S. Gorbachev and R.M. Gorbacheva as their friends and their request for friendly feelings to be conveyed to the Soviet people merely as an elementary tribute to courtesy. It was a solid sign of the good changes which are occurring in Soviet-American relations.

**Question.** Some people in the West are maintaining that the failure to sign a treaty on strategic offensive arms in Moscow "devalues" this meeting. What do you think about this? Was any progress made in examining the "five knots" of the problem of strategic offensive arms?

**Answer.** Who will argue that had a strategic offensive arms reduction treaty been signed in Moscow, the positive outcome of the meeting would have been supplemented by a document valuable in the highest degree. Nonetheless, it would seem to me that the term "devalues" is too strong. Moreover, it is simply inaccurate. Questions of a reduction in strategic offensive arms, as, equally, the need to comply with the conditions of the ABM Treaty in the form in which it was signed in 1972, were discussed in Moscow at CPSU Central Committee general secretary and U.S. president level, at foreign minister level and at expert level. These were necessary and productive discussions.

I believe that the Geneva negotiations on this question have today not their former—Geneva—but a Moscow reference point. This applies to mobile strategic missiles. It applies to air-launched cruise missiles. It applies to verification of compliance with a possible agreement. The biggest difficulties are caused, as you know, by the problem of monitoring sea-based cruise missiles, specifically, those deployed on submarines. There is talk on the American side about the fact that this whole problem should, perhaps, be removed from the framework of a possible agreement.

Such a position seems to me illogical. Sea-based cruise missiles are a component of strategic offensive arms, and such an exception would appear strange. The more so in that there is an opportunity to "exercise the imagination somewhat" on the subject of how to exercise verification of sea-based cruise missiles. Why, for example, not give thought to a version where the nuclear warhead is not mounted on the missile, is stored in a separate canister and affords an opportunity for verification, whether with

technical facilities or by on-site inspection? This problem cannot be considered insoluble. It is soluble, but both imagination and the political will are required for this, of course.

The contours—sufficiently precise—of a treaty on a 50-percent reduction in strategic offensive arms were drawn. As M.S. Gorbachev observed at a press conference in Moscow, "if the present administration, both parties act effectively, we can move toward a treaty."

**Question.** Why, in your opinion, did the U.S. President turn down the proposal for the insertion in the final statement of the formula of peaceful coexistence as the basis of Soviet-American relations.

**Answer.** This was not how it was. It was a question of something else. It was a question of a description of present-day political realities as a platform of intentions and political action, that is, of some common understanding of these realities. The Soviet text said approximately the following: with regard for the evolved realities in the modern world we (the CPSU Central Committee general secretary and the U.S. President) believe that no contentious problems should be solved militarily, that we regard peaceful coexistence as a universal principle of international relations and that the equality of all states, noninterference in internal affairs and freedom of sociopolitical choice should be recognized as inalienable rules binding for all.

As M.S. Gorbachev said, initially the President liked the text. But the President's entourage essentially rejected the proposed wording.

Why? The Americans provide no in any way comprehensive explanations in this connection, except, perhaps, saying that specific solutions or specific problems are preferable. But this is unconvincing. Determination of the method of approach to the settlement of contentious problems would of course be a valuable gain of the Soviet-American dialogue. But what happened is hardly worth dramatizing. The dialogue is continuing and becoming increasingly thorough and fruitful. Let us hope that life proves a good teacher not only for the USSR but for the United States also and that mutual understanding and trust in Soviet-American relations grow.

**Question.** If pronounced progress is not made in the coming months toward a 50-percent reduction in strategic offensive arms, we will have to work on the treaty with the next administration. What might the fate of the treaty be depending on the outcome of the presidential election, is there such a dependence? Are there guarantees that the next administration will endeavor to consolidate the positive changes in our relations?

**Answer.** Forecasts are generally a thankless business, but I believe that Soviet-American relations are today more predictable than 3-4 years ago.

Let us argue thus. Is there in the Soviet Union and the United States a broad understanding of the fact that the Soviet and American nuclear arsenals are simply monstrous and that they need to be unloaded? In my view, there is. It exists in the upper echelon of the Republican Party, it exists in the upper echelon of the Democrats, it exists among the American public at large. And this being the case, work on an strategic offensive arms reduction treaty will continue. In any event, no one has a right to doubt Moscow's approach and its readiness to tackle this problem.

Now concerning the dependence between the fate of the treaty and the outcome of the elections. There probably is such a dependence, but I would not exaggerate the extent of its influence on the fate of the treaty. Even if they do not reach the home stretch before the present administration's term expires, there will be no lengthy pause, I believe, in the Geneva negotiations. A reduction in strategic offensive arms today represents a key goal of the Soviet-American dialogue. As to guarantees that the next administration will endeavor to consolidate the positive changes in our relations, it may be said that these guarantees are created by both objective and subjective factors. Objectively both the United States and the USSR have an interest in an easing of tension and a lessening of confrontation and an interest in a steep reduction in strategic arms. Subjectively it is obvious that the Soviet Union will not slacken its efforts in the search for a compromise solution of this problem. Judging by the campaign speeches of the presidential candidates from the Republican and Democratic parties, they also are taking stock of the need to find a solution to all the questions which as yet prevent us bringing to a close the work of the Soviet and American negotiators in Geneva.

**Question.** In which of the principal directions of the Moscow negotiations was the parties' greatest and least understanding achieved, in your opinion? And why? Did the convergence of opinions on human rights continue? How did the start of the withdrawal of Soviet forces from Afghanistan influence the discussion of the problem of regional conflicts?

**Answer.** It seems to me somewhat artificial to divide the issues discussed into those on which the greatest understanding was reached and those on which there was no understanding. To keep to this approach, it would probably be simplest to say that there was the greatest understanding during the discussion of questions of bilateral relations. A package of bilateral agreements, albeit modest, nonetheless very useful, was signed. But are bilateral relations not influenced by the state of affairs in the field of disarmament? They are, of course. Something else is valuable also, namely, the fact that during the Moscow discussions the parties were to a lesser extent than ever before involved in mutual accusations and counteraccusations. The emphasis was put on the search for mutually acceptable solutions and mutually acceptable compromise. This applied to the entire Soviet-American political agenda.

As far as the "convergence of opinions on the human rights problem" is concerned, once again here it would be fairer to speak of some evaporation of the confrontational spirit than a convergence of opinions. Yes, both the Soviet Union and the United States understand the entire significance of the sure guarantee of human rights. Yes, both the Soviet Union and the United States recognize that this is a major international problem. But not only international. It is a national problem also. The United States has many critical thoughts concerning the state of affairs in respect of human rights in the USSR, and the Soviet Union, by no means fewer critical thoughts concerning the guarantee of human rights in the United States.

But neither Moscow nor Washington intend equating socialist and bourgeois democracy. And, of course, it is absolutely unacceptable for the parties' relations at the time of discussion of this problem to be constructed as teacher-pupil or, even worse, prosecutor-defendant relations. And in fact, it is obligatory in our so diverse world, where there are so many different regimes and where the historical and national singularities of individual countries are so dissimilar, to take stock of both this diversity and these singularities. In the name, precisely, of the triumph of freedom and human rights.

As far as the start of the withdrawal of Soviet forces from Afghanistan and the influence of this decision on discussion of the problem of regional conflicts is concerned, it is undoubtedly great. The political settlement of the Afghanistan situation and the withdrawal of Soviet forces are of capital significance for international affairs. This is sensed and recognized by those to whom the "cold war," confrontation and enmity are dear. Whence the obstacles being created to the success of the policy of national reconciliation in the Republic of Afghanistan.

Might the Afghan settlement be mirrored in other regional conflicts? I believe not. But politically there are things to be learned, things to develop and things to use in practice here.

**Question.** R. Reagan raised the question of the rehabilitation of the work of A. Solzhenitsyn. What is your attitude?

**Answer.** I confess that I am not acquainted with R. Reagan the literary critic. I am not convinced that he has had the time to become familiar with the vast work of this writer. So his recommendations to us on this score seem to me odd, to put it mildly. This is a problem for Soviet publishers to decide, and them alone.

And in conclusion I would like to say the following.

The use of proverbs and sayings has now become fashionable when it is a question of Soviet-American relations. It seems to me appropriate to recall, in keeping with this fashion, the following embellishment: "The best is the enemy of the good". But there was "good" at

the Moscow summit: progress was made on the entire range of problems discussed. It may be said, as a whole, that a kind of program for the future was formulated in Moscow in the great and necessary business of an improvement in Soviet-American relations.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

### Progress Toward Uniform Ruble Convertibility Essential

18160001c Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 88 pp 10-25

[Article by Viktor Borisovich Spandaryan, candidate of economic sciences and senior scientific associate of the USA and Canada Institute of the USSR Academy of Sciences, and Nikolay Petrovich Shmelev, doctor of economic sciences and head of a department of the USA and Canada Institute of the USSR Academy of Sciences: "Problems of Enhancing the Efficiency of the USSR's Foreign Economic Relations"]

[Text] The stagnation years seriously deformed our foreign economic relations. Instead of an effective instrument promoting the intensive development of the economy by means of deriving benefits from the international division of labor, they came to be used predominantly as a means of reducing current and chronic national economic shortages.

This led to the radical removal of emerging disproportions dragging on and the latter intensifying even owing to departmental emphasis on imported supplies seeing that the state paid for everything. Accordingly, the development of foreign economic relations came to be determined mainly by import requirements, while exports were seen increasingly merely as a means of paying for purchases and a forced phenomenon, the more so in that enterprises got practically nothing from them other than extra worries. The increase in the price of energy in the 1970's made it possible to confine our exports (for convertible currency particularly) to two basic commodities—oil and gas. The relative significance of other items thereof, including machinery and engineering products, declined, and many traditional commodities disappeared altogether, increasingly emphasizing the one-product nature of our foreign supplies. The proportion of machinery and equipment declined from 23.6 percent in 1972 to 12.5 percent in 1984. In 1986 it had grown to 15 percent, but not thanks to an increase in the physical volume of supplies but in connection with the reduction in the proportion of energy owing to the fall in the price of oil and gas. In terms of the proportion of machinery and engineering products in exports the USSR is already inferior to a number of developing countries.

Foreign economic relations ceased to correspond to a considerable extent to the socioeconomic and political tasks confronting the country. The need for their radical restructuring was ripe. The important decisions concerning an improvement in the USSR's foreign economic activity which have been adopted are geared to this. Work in this field continues. Practical discussion of the prospects of the development of foreign economic relations with regard for domestic and foreign experience is intended to contribute to the accomplishment of the decisions which have been adopted.

Under current conditions the prospects of the economic progress not only of small but also the biggest countries are increasingly determined by the extent of their active participation in the international division of labor. Exports of industrial products and services have become a powerful factor of the economic and S&T upturn of all developed capitalist states, and in the latest 15-20 years, of the so-called "new industrial countries" also.

Ever increasing attention is being paid in the economic life of capitalist countries to the development of foreign economic relations, including the factor of foreign competition (on both foreign and domestic markets) as a most important catalyst of the structural reorganization of economic potentials.

The growth of the "openness" and interweaving of national economies has become practically a worldwide trend. This trend has affected our country least as yet, unfortunately.

For decades we underestimated such a most important function of foreign trade as commensuration of the national and world levels of production, national and world costs and the S&T novelty of products. Yet the experience of leading industrial countries testifies that such commensuration exercised by means of international competition is an indispensable condition of dynamic S&T progress.

Soviet industry has to a considerable extent been sidelined from participation in the world competitive struggle on both the domestic and foreign markets. Many domestic enterprises and business executives still find themselves virtually outside of the realities of modern world-economy life with its "iron law" of the constant (on pain of the economic "death penalty") upgrading of production potential and the manufactured product. This is naturally resulting in material and labor costs which are higher than for other developed countries, the inordinate energy-intensiveness of the national economy and the unsatisfactory quality of products and services. Estrangement from competitive struggle with foreign producers (on the domestic market particularly) is seriously hampering S&T progress in the national economy. The reform of foreign economic activity which is now beginning is intended to do away with this artificially engendered defect of the Soviet economy and ensure the efficient use of external factors of development.

A most important national economic criterion of the efficiency of foreign economy activity today is their (sic) assistance to the accomplishment of a principal strategic task of the economy—an acceleration of S&T progress and movement of domestic enterprises and associations toward the world level of engineering and technology and quality of the manufactured product. It is envisaged that this will be achieved in the process of the restructuring of the domestic economic mechanism, the development of direct ties to the CEMA countries and a stimulation of cooperation with the West and the developing countries. However, the components of the new economic mechanism (including its foreign economic block) which have been developed as of the present are securing, if at all, only a slight acceleration of S&T progress in the Soviet economy, but are by no means guaranteeing its movement toward the foremost world boundaries.

Indeed, it is hard to expect that this will happen merely as the result of the universal spread of in-house accounting, self-support and self-financing and (or) the granting to enterprises and associations the right (unlimited even) of access to the foreign market. All these are necessary, but still insufficient conditions for winning strong positions in the group of leaders of world S&T progress. It is just as spurious to believe that it is sufficient for accomplishing the said task to use the main foreign economic instruments of reform as of the present—innumerable currency coefficients and currency taxes. In addition, the stimulating impact of such economic levers is dependent upon the achievement of a certain level of exports, and it is this which is the central and most difficult problem of foreign economic activity.

Thus it has to be acknowledged that **economic levers** for tackling the strategic task of an upturn of the Soviet economy to the highest world level have as yet been insufficiently developed. Attempts are being made, as before, to compensate for the missing links of the economic mechanism by administrative means (the adoption, for example, of decrees providing for the strictly binding attainment of the world technical standard and quality of manufactured machinery and equipment). However, these purely administrative decisions are, as a whole, part of the channel of the rejected practice of management and can produce only limited results.

A more precise determination of the ultimate goals of foreign economic restructuring and the methods of achieving them is essential, it would seem, under current conditions. The main reference point of the reform should evidently be the maximum possible degree of openness of the Soviet economy in relation to the world economy at any given moment. This is the sole method of the optimum use of the advantages of the international division of labor and the sole possibility of gradual movement toward the world standard of production in terms of a broad range of sectors. Until domestic enterprises are forced to daily orient themselves in their

activity by the level of the strongest overseas producers, it is economically unrealistic to hope for the mass manufacture in the country of competitive products.

It is frequently believed that such a function of external stimulus could, as a whole, be performed by the CEMA market, which, as the Comprehensive Program of the members' S&T progress is realized, will increasingly be brought to the level of the world market. In the future this undoubtedly could and should be the case. However, at the present time the market of the socialist community is characterized by lowered exactingness and the far from always high technological level of the reciprocally supplied commodities. Under such conditions inordinate reliance on the limited possibilities of the CEMA market could lead to the freezing of the existing problems.

What has been said by no means signifies that the success of the reform will be entirely dependent on an expansion of economic ties to the West. It is a question of something else—the creation of an economic mechanism constantly ensuring the commensuration of the costs of the production of domestic and the best overseas (socialist and capitalist) producers.

To tackle this problem it is essential, in our view, to consistently implement together with the domestic economic changes which are being pursued a specific program of the restructuring of foreign economic activity providing for the effective economic stimulation of exports, a change in the structure thereof, the creation of the optimum organizational system of foreign economic activity, the extensive use of progressive forms of foreign economic relations and other essential measures. In other words, it is a question of a transition from a passive to an active, aggressive policy in foreign economic relations and a strategy of "breakthrough" onto world markets corresponding to the possibilities of our economic and S&T potential.

#### Development of Export Potential

The basis of efficient foreign economic activity and a guarantee of the country's economic security under the conditions of the movement toward greater openness in relation to the foreign market is the development of export potential. Overseas experience testifies that successful export activity is determined primarily by its specialization and measures to stimulate it. At the first stage of the restructuring of the economy, that is, until foreign economic activity becomes for many enterprises and associations a natural component of their day-to-day economic life, determination of the most efficient directions of export specialization and the appropriate measures of stimulation will evidently have to be assumed by the central economic authorities.

The well-known CPSU Central Committee and USSR Council of Ministers decree on the improvement of management of foreign economic relations entrusts the elaboration of a program of development of the country's



export base to the USSR Council of Ministers State Foreign Economic Commission and the USSR Gosplan with the participation of standing bodies of the USSR Council of Ministers and ministries and departments.

When implementing this program, which is of key significance for a fundamental restructuring of foreign economic relations, it is essential to resolutely have done with cliched methods, primarily the principle of the "residual" allocation of commodities for export, and the established view of export production as a secondary function of the development of the national economy. It is by no means merely a question of outlining control figures of the development of the production of this commodity or the other for export for particular years. This was done earlier also without notable success. It is important to give the export program a strong material basis and create primarily diverse economic (and even moral) incentives to the development of export production. There is no dispensing here with the investment of significant resources, the enlistment of the most advanced achievements of domestic and foreign S&T progress and the best-trained personnel and with the skillful use of the advantages inherent in our country (for example, the large-scale nature of the production of many types of machinery and engineering products, industry's reliance on its own energy and raw material resources, the geographical factor and so forth).

As the experience of many foreign countries shows, the development of export production is a powerful stimulus of an upturn of the economy, an increase in national income and the efficient use of the advantages of the international division of labor and recoups the resources and efforts invested here a hundredfold. Considering the scale of the economy and the huge domestic market of our country, we are not calling for a purely export orientation. It is a question of the use of exports as an accelerator of development and a sure means of movement toward the foremost world boundaries.

Obviously, for the immediate foreseeable period fuel and raw material commodities will continue to be of importance in our exports, specifically, in relations with the CEMA countries and a number of industrially developed capitalist states, with which we are linked by long-term agreements and joint projects. However, it is no less obvious that this "specialization" has no protracted future.

The way to improve the structure of Soviet exports is via their diversification, via a transition from the sale of raw material to products of its processing and via the utmost development and encouragement of exports of the products of manufacturing industry, primarily machinery and equipment.

In developing the country's export base we must not here become detached from reality and arbitrarily jump sequential phases. As the 27th congress emphasized, "in advancing the task of the active use of foreign economic

activity to accelerate our development we intend step by step restructuring foreign trade turnover and imparting to exports and imports a more efficient character."

A radical change in the structure of our exports will depend on realization of the program of the development of domestic mechanical engineering. There is a concurrence of interests between a fundamental restructuring of the national economy and the efficient development of the country's export base. For the achievement of both goals the program of the development of domestic mechanical engineering must organically combine satisfaction of domestic requirements and exports. It is this which is the most dependable guarantee of the movement of domestic mechanical engineering toward the highest world standard. However, this task is far from simple.

The USSR's share of world machinery and equipment exports declined from 3.2 percent in 1970 to 2.1 percent in 1985. For comparison: the FRG's share constitutes 14.8 percent, that of the United States, 16.5 percent, and of Japan, 20.9 percent. To restore and strengthen the USSR's positions our exports of machinery and equipment must, prior to the year 2000 at least, have outstripped the rate of increase in the world trade in these products by a factor of 1.5-2.

All this emphasizes once again the significance of an upturn of domestic mechanical engineering as a most important strategic assignment. There is tremendous potential in this respect on the paths of the development of specialization and cooperation and also direct intersectoral ties to the CEMA countries.

In the work on securing the extensive movement of domestic manufacturing industry onto the world market it is important, however, to consider that no one awaits us on this market, that the market is oversaturated and that international trade is developing under conditions of intensifying competitive struggle. For this reason any attempt at an appreciable expansion of exports or at the appearance on the market of new Soviet exporters of industrial commodities will inevitably encounter both competition and trade policy obstacles on the part of both the developed capitalist and "new industrial states" actively moving onto the world market with their comparatively inexpensive products.

Under these conditions the Soviet strategy of an export offensive must proceed primarily from a precise, economically substantiated choice of enterprises and sectors capable of effecting and consolidating a sufficiently extensive breakthrough onto the world market. Initially, possibly, they will be the same enterprises and sectors which at the present time have been accorded the right of independent foreign economic activity. Obviously, the export specialization of individual regions whose location and export potential are most propitious from the general economic viewpoint (the Far East, Leningrad and the Baltic region, for example) is essential also. It

needs to be considered here that the reverse side of export specialization is the freezing or winding down of certain secondary sectors whose product it is more profitable to import, primarily from the socialist and developing countries. An effective customs policy should contribute to export and import specialization. Customs tariffs should make unattractive economically unwarranted imports and at the same time encourage imports of commodities which it is more profitable to obtain from other countries, taking advantage of the benefits of the international division of labor. It is expedient to channel the revenue from import dues primarily into the development of export industries.

The development of foreign economic relations (just as any other sphere of economic activity) presupposes the concentration of financial, currency and material resources in the priority areas, including capital investments in the modernization of export industries and the strengthening of the necessary infrastructure (services, spares warehouses, advertising, transport, communications, modern office equipment and so forth).

An important condition of the expansion of exports are efficient measures to stimulate it. Practically all foreign countries, including the United States, the EC countries and Japan, are implementing long-term specific programs of the utmost assistance to national exporters by way of the creation for them of propitious trade policy and economic conditions. The official authorities of these countries grant exporters various subsidies and preferential credit, agree to tax exclusions, insure exports (against losses as a consequence of inflation and exchange rate fluctuations included), endeavor to maintain an exchange rate of the national currency conducive to exports, assist in the organization of exhibitions and the dispatch and reception of trade delegations, supply economic and commercial information and help in the choice of markets, partners and so forth. It is with regard for this practice that we must create for Soviet exporters no less and, where possible, more favorable conditions.

For this it is necessary primarily, we believe, to determine an economically substantiated and uniform rate of converting the ruble into the main foreign currencies. This measure, which is not attended by appreciable material costs, would sharply enhance the efficiency of our exports (in rubles) and the interest therein of business organizations. At the same time, on the other hand, it would be an additional means of curbing economically unjustified imports (the present exchange rate, on the contrary, stimulates purchases overseas). A uniform exchange rate would enable us to extricate ourselves from the impasse situation (which is threatening, what is more, to get out of control) where, thanks to virtually several thousand currency coefficients, practically each sector and essentially each type of product have their own currency exchange rate. Of course, the question of the introduction of an economically substantiated rate of conversion of the ruble into convertible currencies will require serious study, but it is essential if we are really

intent on making efficient use of the advantages of the international division of labor. The establishment of an economically substantiated rate of the ruble's conversion into foreign currency would also be an important prerequisite for the gradual transition of our economy (as the country's export potential increases) to ruble convertibility.

A very important step in this direction could and should be transition to the convertibility of the so-called transfer ruble, which in mutual relations between CEMA countries as yet plays the limited part of unit of account. Convertibility of the transfer ruble is an obligatory, indispensable condition of an extension of economic integration and the introduction of direct ties and other progressive forms of bilateral and multilateral economic cooperation within the framework of the socialist community. It is essential, finally, to recognize that without this nothing will result. Economic laws cannot be violated infinitely. Administrative levers of integration are already exhausted.

Second, it is obviously necessary to grant business organizations credit in foreign currency more boldly and extensively not only for the creation and development of export industries but also for the financing of their activity in other spheres connected with the assimilation of foreign markets (advertising, service, extension of credit to brokerage firms and so forth) and also in instances where they must, with regard for the demands of competition, grant customers a deferral of payment, that is, so-called supplier credit.

Third, it is essential, in our view, to introduce preferential insurance of business organizations against risks connected with the supply of commodities per long-term export contracts, including losses as a consequence of fluctuations in currency exchange rates and inflation.

Fourth, it is necessary to provide for supplementary tax privileges for business organizations in whose activity exports of machinery and equipment, finished products and services occupy a leading place, specifically thanks to an increase in the funds remaining at their disposal (currency allocation, bonus and so forth) and also by way of an acceleration of depreciation allowances. In certain instances, when domestic prices are considerably higher than the level of world prices, it is evidently advisable to render official assistance in an increase in competitiveness in respect of commodity items which are particularly important for Soviet exports. However, such assistance must not be infinite.

The creation of a single export-assistance office would be expedient for rendering the business organizations which have acquired the right of direct outlet onto foreign markets effective assistance. Considerable assistance could be rendered by the USSR Trade and Industrial Chamber and its branches in the republics and important economic areas (by way of advice sessions, seminars and courses, the organization of exhibitions and fairs

and so forth). The activity of a consultation center organized within it could be a great help here also. It is very important in this connection to accelerate work on the collection, processing, storage and dissemination of commercial information pertaining to markets, firms and so forth. Our exporters and importers are today still being forced at every step to operate blindly, knowing nothing about the market, particularly the product of mechanical engineering and other progressive sectors of industry.

An urgent task is stimulation of the activity of the foreign trade firms being set up in the union republics and an acceleration of their extensive egress onto the foreign market with local products. This will contribute to the enlistment of additional export resources and the better satisfaction of local demand thanks to imports. In such a most serious and difficult business as a change in the structure of foreign trade and the mobilization of all sources of exports we may disregard nothing. This direction could also be a channel by which the influence of world quality criteria extends to our entire day-to-day life.

At the same time we need to look truth in the eye: until we are able to directly link domestic and foreign prices and switch if only to the partial (not to mention full) convertibility of the ruble, all our efforts to radically stimulate the foreign economic sphere will be based on a very shaky foundation. This applies both to foreign trade proper and all new forms of cooperation (both within CEMA and with our partners in the capitalist world). It is our profound belief that **the problem of ruble convertibility is the key, central problem of the entire reform of our foreign economic system and, correspondingly, of the entire problem of the "openness" of the Soviet economy.**

#### **Organizational Restructuring of Foreign Economic Activity**

The reform of the organizational structure of foreign economic activity has already encountered serious difficulties. The arbitrary approach to the planning of exports impeding the quest for optimum solutions persists and is frequently intensifying. The complexity of the planning and accounting of foreign economic activity is being increased by the considerable discrepancies between domestic and foreign trade prices. At dozens of enterprises which have acquired the right to move onto the foreign market the creation of their own foreign economic machinery is encountering the problem of personnel and high costs frequently not justified by the relatively small export volumes. All this is impeding the development of foreign economic relations and leading to an undermining of business relations which have taken shape with foreign partners, the loss of the USSR's already modest positions in world machinery and equipment exports and sometimes to direct currency losses even owing to professionally incompetent and ill-considered deals.

There is no doubt that certain costs at the initial stage of the reform are inevitable. However, attempts to solve emerging contradictions with administrative levers and the elaboration of hundreds and thousands of new quotas and currency coefficients are distorting the essence of the transformations charted by the party and converting the right to work on the foreign market and the benefits associated with this into an imposed and at times burdensome obligation for many enterprises and associations.

Under these conditions it is necessary to ensure the precise legal interpretation of the enacted laws and decrees. The right of enterprises to foreign economic activity **must be precisely a right, and not an obligation.** In accordance with the USSR State Enterprise (Association) Act, it should be universal and be seen as an inalienable component of full economic accountability. At the same time, however, the forms of realization of this fundamental provision may vary and may be determined by the enterprises (associations) themselves on the basis of economic expediency. They include, for example, various forms of production cooperation, joint ventures, the creation of one's own sales network, use of middlemen and so forth.

An analysis of the production specialization of the enterprises which have been accorded the right to operate on the foreign market shows that the products which they manufacture (tractors, excavators, motor vehicles, household refrigerators, all-purpose machine tools and so forth) are in terms of the modern international classification predominantly mid- and low-technology products and are encountering the most acute competition on the foreign market on the part of Western producers who have saturated international sales channels with similar commodities. Under these conditions it is hardly realistic to expect that the creation of one's own foreign trade firms will in itself lead to an appreciable increase in the export potential of the majority of enterprises. At the same time, on the other hand, the costs of such reorganization are too high for many of them.

A more efficient organizational form could in a number of cases prove to be not the creation of a multitude of relatively weak foreign trade subdivisions at the producer enterprises but their use of the services of **large brokerage financially autonomous foreign trade associations** all-purpose in terms of product list and endowed with their own working capital. These intermediaries could by way of the centralization of export-import transactions in respect of a sufficiently extensive list of products exert an appreciable influence on foreign trade prices, lower the costs of commercial work, undertake market search and advertising and ensure efficient pre-sale preparation and after-sales service. The financially autonomous trading associations could also perform the functions of middlemen in the search for production cooperation partners and a number of other services. The system of the organization of foreign economic

activity via large-scale all-purpose trading firms has proven its high efficiency in Japan, which has in a short time become the world's leading commercial power.

The relations of foreign trade intermediaries and industrial enterprises should be organized on the principles of full cost accounting and on an equal and voluntary basis. In line with the transition to wholesale trade in producer goods, the concentration of the purchases of certain groups of commodities would permit these foreign trade intermediaries to act with imported equipment on the domestic market as competitors of Soviet producers of analogous commodities, creating a real counterweight to the producer monopoly which as yet exists with us. As distinct from the current foreign trade associations of the USSR Ministry of Foreign Economic Relations and at ministries and departments, such intermediary financially autonomous associations would not be strictly limited in terms of product list but would operate with a broad range of commodities and services.

Under the conditions of the movement onto the foreign market of an increasingly large number of enterprises, associations, intermediary foreign trade organizations and so forth a strengthening of the centralized principle for safeguarding all-state interests, determining a common long-term trade policy, elaborating the contractual and legal base and monitoring compliance with intergovernmental agreements, ensuring the USSR's balanced state of balances of trade and payments, stimulating exports and regulating imports, issuing licenses for transactions on the foreign market, rendering advice and methods services and so forth is essential. These questions cannot be scattered around individual departments. The USSR Ministry of Foreign Economic Relations is called upon to provide for their solution.

The broad outlet of domestic enterprises onto the foreign market is impossible without the psychological restructuring of the management personnel and a change in its approach to an evaluation of the place and significance of foreign economic activity. It is time to emphatically get the better of the mentality of all-embracing economic self-sufficiency as a good thing which justifies self-isolation and is essentially the ideological justification for the "closure" of the Soviet economy to the influence of all, including progressive, world-economic trends. It is necessary to persuade many executives that assertions of the "we are not Singapore" type pertain to the past of international economic relations, that they really will have to borrow from the capitalists many methods of operating on foreign markets and that manifestations of incorrect trade practice (expressed in the nonfulfillment of the terms of contracts and attempts to blame on a foreign supplier's "intrigues" one's own miscalculations and shortcomings and accuse him of failing to supply equipment which has actually been lost or squandered) do not contribute to business cooperation.

Considering the USSR's extremely negligible share of the international division of labor, it is as yet difficult to count on the possibility of "dictating" its terms of

operation to international business circles. In addition, from the viewpoint of Western firms the Soviet market appears at the present time largely closed and unpredictable, if only by virtue of the fact that they have not hitherto had direct access to it. Under these conditions it is evidently necessary (particularly at first) not only to accept many "rules of the game" established by international trading practice but also to agree to certain additional measures (tax, administrative, credit and others) which might impart to our market the due attractiveness for foreign partners from all groups of countries, the CEMA countries included.

### Use of New Forms of Foreign Economic Relations

Diverse forms of industrial and S&T joint labor are the basis of present-day international business cooperation.

In terms of its economic content joint labor represents an intensive path of participation in the international division of labor. As distinct from trade based mainly on the intersectoral specialization of production, joint-labor relations are based predominantly on intra-sectoral specialization. "And this specialization," V.I. Lenin pointed out, "is in its very essence infinite—just as is the development of technology."<sup>1</sup>

In relations with both CEMA and the West joint labor creates a significantly broader base for economic cooperation than trade ties. It is the reserve which will in the near future even permit us to hope for tangible results in the accomplishment of such tasks as:

- the assimilation of progressive methods of the organization and control of production and an increase in the quality and competitiveness of output;
- the attraction of the necessary investments in the form of progressive technology, machinery and equipment;
- a reduction in the timeframe of the industrial assimilation of engineering innovations;
- the production of commodities of national economic significance which are as yet the subject of imports;
- the receipt of currency resources thanks to the development of exports of products of manufacturing industry, primarily machinery and equipment;
- the use of the sales network of foreign partners and the practical mastery of modern marketing methods;
- the receipt of regular information on overseas production development trends.

Big material, labor or currency outlays are not necessary for the realization of these possibilities. However, an effective system of tax, credit, customs-tariff and other benefits stimulating domestic enterprises to active production cooperation with foreign partners is essential.

Many forms of joint-labor ties to foreign firms have been sufficiently tested in the socialist countries and have, as a whole, produced positive results. Their experience testifies that the most efficient forms of international industrial cooperation are, as a rule, those whose basis are direct production relations between the partners. The highest degree of concurrence of their interests and close interaction, particularly in the field of the continuous upgrading of production techniques and product renewal, are achieved in this way. It is expedient in this connection calling particular attention to such forms of production cooperation as:

**joint production based on specialization** providing for an exchange of individual units and components with the subsequent assembly of the finished products at enterprises of one or both cooperative organizations. The list of the reciprocally supplied products is usually assigned each party by a contract which determines the terms of the supplies, sale of the product on the foreign market and mutual settlements and also ways of constantly upgrading the production process and increasing product quality. This form of cooperation is being efficiently applied in sectors of the mechanical engineering complex: machine-tool building and automobile manufacturing, production of road-building equipment, agricultural machinery, equipment for light and food industry and services and others;

**S&T and production cooperation** encompassing the entire cycle of the creation of a product—from R&D through production and sales. The addition of the partners' S&T, production and sales potentials combined with the possibility for each of them of concentrating on a narrower list of products with regard for production experience and the particular features of the production equipment employed makes it possible in a short time and with the least outlays to develop and assimilate in production the manufacture of new, technically consummate products, promptly expand production and exports and work jointly on the continuous improvement and renewal of output. This form of joint labor ensures the greatest benefits in the science-intensive sectors: electronics, instrument making and aerospace industry and sectors of precision chemical engineering and tool industry.

A highly promising direction of science and production cooperation, in which our overseas partners are displaying great interest, could be joint labor based on unutilized Soviet inventions and developments. The 27th CPSU Congress mentioned 300 very important developments of the USSR Academy of Sciences which had not been assimilated in industry. To these we could add many thousands of other inventions which stand about annually to no purpose. The active use of this currently essentially unproductive resource as a contribution from our side to scientific and production joint labor with foreign partners for the joint prompt industrial assimilation and subsequent sale of the new products on the world market could produce substantial production and currency results.

A significant role in the development of foreign economic relations could be performed by **joint ventures with the participation of foreign capital**. It is already 18 months since the appearance of the decision on the procedure of the creation on USSR territory and the activity of joint ventures with the participation of foreign partners. However, despite the interest shown in this by many representatives of overseas business circles, the actual realization of this new and important undertaking is proceeding with some difficulty. Only a few dozen joint ventures, whose viability has yet to be put to the test, have been set up as yet (for comparison, more than 10,000 joint ventures with a sum total of investments attracted from overseas of almost \$9 billion are functioning in the PRC).

It is necessary to recognize that the main interest of a foreign partner in the formation of joint ventures on USSR territory is broad access to the vast and growing Soviet market and a hope of obtaining and exporting without hindrance the corresponding profit (no less, at least, than in his own country or in third countries from the activity of analogous enterprises).

We are orienting the activity of joint ventures toward the foreign market (development of the export base) and making available to the foreign partner practically the sole realistic way of obtaining his share of the profit—thanks to earnings from the sale of commodities and services once again on the foreign market and also (in individual cases only as yet) thanks to economies in currency from import substitution, that is, a reduction in the proportion of foreign firms on the Soviet market. Of course, this has been brought about by such fundamental factors as the nonconvertibility of the ruble, the discrepancy between our domestic and world prices, the strict system of supply and distribution which is as yet predominant in our country and so forth. Under these conditions the joint ventures created on the territory of the USSR are essentially ex-territorial economic units since they lack a direct outlet in terms of both the sale and purchase of commodities and services to the Soviet market. It is obvious that the true development of the activity of the joint ventures and their organic incorporation in the economic turnover on the territory of the USSR will be possible only as the economic reform in our country intensifies. It is then, moreover, that the joint ventures will introduce the element of competition to our economy which we so much need.

Upon the establishment of mixed enterprises in all countries without exception (capitalist, developing, socialist) identical legal models (forms) are employed, in the vast majority of cases joint-stock companies or limited companies, the advantage of which is the participants' liability limited to their contribution to the capital of the joint venture. The said legal forms are regulated thoroughly and in detail by share-capital legislation. Violation of these laws entails serious liability, criminal even.

The joint ventures which have been set up in our country are not joint-stock companies, although this is the most comprehensible, convenient and flexible form for such enterprises. Now, when the prospects of the extensive introduction of the joint-stock form of enterprise are being studied in earnest in our country, it is all the more expedient to extend it to the joint ventures involving overseas partners.

There is as yet no share-capital legislation in the Soviet Union. The 1927 regulations governing mixed companies were abrogated in 1962, and the 13 January 1987 decree contains neither regulations governing the two above-mentioned forms nor rules which would determine the legal status of joint ventures and confines itself to the indication that joint ventures are legal entities in Soviet law. In fact joint ventures should, I believe, be a particular subject of Soviet law. A paradoxical situation has now arisen—the legal position of the state enterprise is specified by law, but the legal status of an enterprise involving foreign capital has not been defined. It would seem necessary in this connection to draw up a legislative instrument on joint-stock companies and limited companies.

The list of problems which arise at the time of the organization of joint ventures is not exhausted by the elaboration of a law governing their legal forms. Foreign capital and a foreign partner-investor participate in a mixed enterprise. The foreign investor's legal position needs to be regulated also. The conditions of foreign companies' investment differ in different countries. Developed countries encourage foreign investment, imposing practically no restrictions. The developing states have enacted investment codes determining the conditions of the access of foreign capital, the sphere of its investment and the benefits and guarantees accorded the foreign investor.

The enactment of such a law is necessary in the Soviet Union also. We believe that in this case also it would be useful to familiarize ourselves with the regulation of foreign investments overseas. Specifically, it would seem expedient to provide for several legal regimes for foreign interests accorded depending on our interest in specific investments, the size thereof and so forth. The spheres of the investment of foreign capital need to be defined also. There is much that is unclear on the question of the personnel of the joint venture, the terms of its hire and dismissal, remuneration and so forth. The proposition that the top executive positions in joint ventures must necessarily be held by Soviet citizens is inflexible.

It has to be noted that the legal regulation which exists at present, while authorizing the creation of joint ventures on USSR territory, at the same time has a whole number of restrictive, if not prohibitory, provisions concerning their functioning.

A particular hindrance is, *inter alia*, the unconditional demand concerning the reservation for the Soviet side of no less than 51 percent of the capital of the joint venture.

Considering that the bulk of the fixed capital of modern production is accounted for by the cost of technology and equipment constituting, per the terms of many negotiations which are being conducted, the foreign partner's contribution, our share of participation in the said amounts cannot be secured mainly thanks to the construction of buildings and structures and the granting of land and other natural resources and in fact requires ready cash to be found to balance the capital contributed by the other contracting party. This provision is reflected particularly tangibly in the possibilities of cooperation in the mechanical engineering sectors, that is, precisely where joint labor is most productive and desirable from the viewpoint of the interests of our economy.

It should be noted that the legislation of a number of socialist countries permits, where necessary, an increase in the foreign partner's share of the joint ventures' fixed capital.

Questions of control of the quality of the products manufactured by the Soviet enterprise represent a difficult problem in the eyes of Western firms. Doubts are being expressed, not without reason, in overseas business circles about the efficiency of our quality control system and the possibility of the introduction of accepted international standards here. It is also unclear how the basic Soviet laws governing labor and wages should be applied to the activity of the joint ventures. These laws, incidentally, as also the regulations governing the protection of Soviet working people's social rights, are unknown to the absolute majority of potential Western partners, and their superficial interpretation is based on a stereotype created by the Western media.

If we really wish for the development of such a new form of foreign economic cooperation as joint ventures, it is necessary to ensure for this the appropriate economic and legal conditions. The creation of an atmosphere of irreversibility of the decisions adopted in the sphere of foreign economic activity, specifically, as far as the functioning of joint ventures are concerned, would seem very important in this connection. This could be achieved by way of the conclusion of:

bilateral agreements with foreign states on mutual guarantees of the return of invested capital in the event of nationalization or other changes in the political or economic situation in one of the contracting parties;

bilateral intergovernmental agreements on the procedure of the levying of taxes on the profits of the joint ventures for the purpose of avoiding dual taxation.

A serious problem is the inadequate preparedness of the personnel of our business organizations for foreign economic activity in general and work with joint venture foreign partners in particular. The lack of experience of such work, the "overcomprehensiveness" brought about by the fact that for many years questions of foreign economic activity, being the lot of a tight group of

specialists, were in fact "taboo" for the middle echelon of industrial executives, the directive nature of management, which had been cultivated over decades, and the total material dependence of an executive on a higher organization, to which there was no alternative, have led to our business manager lacking both the desire and the right to take risks.

In the opinion of many representatives of foreign business circles, negotiations are conducted by Soviet organizations in the majority of cases vividly, unenterprisingly and in unskilled manner, with frequent and unwarranted changes of position and with responsibility being shifted onto the higher organization. All this creates the impression of the Soviet side's reluctance to bring matters to a practical result and is holding back the development of foreign economic cooperation.

This poses with particular seriousness the question of the acceleration of the foreign economic training of specialists and executives, for work in joint ventures included, and not only on our own, what is more, but by way of secondment overseas and the enlistment of qualified foreign specialists in the USSR. The decision which has been adopted on the training of foreign economic personnel will afford considerable opportunities here.

Overseas experience leads to the conclusion concerning the advisability of the study and use also of such organizational forms as **free trade zones** designed to stimulate the initiative of foreign firms in the production of commodities, services, trade and other forms of activity on Soviet territory. The production and assembly of products on the basis of foreign equipment and materials with the use of domestic power, raw material and manpower could be organized within such zones. In the event of the subsequent export of the manufactured product, there would be an opportunity to obtain additional currency proceeds. In addition, foreign firms might be interested in the use of free trade zones for the duty-free storage (prior to sale) of their products; the display thereof in special exhibition premises of the zones; presale preparation and subsequent servicing.

In world practice free trade zones located, as a rule, in areas of sea, river and airports, at transport artery intersections and in border areas provide exporters with a whole number of advantages. Specifically, their commodities may be warehoused, stored, destroyed, transshipped and reexported in the zones without the imposition of customs dues. In addition, the shipment of substandard commodities and also imports into the zone of commodities above quota are authorized. Imposts are not levied in the zone for losses from shrinkage, evaporation, seepage, defective work and counting errors. Such operations as drying, sorting, mixing and others are permitted within the zones, which makes it possible to bring commodities to conditions at which they are less taxable. The demands of the local market and customers' tastes may be taken into consideration during processing. The use of free trade zones makes it possible to

reduce the timespan between order and supply and also transport expenditure inasmuch as the commodity may be delivered in bulk with subsequent assembly and packaging in the zone. There is also an opportunity to avoid changes in the amounts of the dues in connection with a change in the currency exchange rate.

The said advantages of the free trade zones testify to the expediency of their active use both in the import and export activity of the USSR and other CEMA countries. Only in Bulgaria as yet, in July 1987, has an edict been passed on the creation of such zones on the country's territory. Yet the United States, for example, has over 120 free trade zones, whose turnover is growing constantly. Free trade zones have recently been attracting foreign investors from the viewpoint of the installation in their vicinity of industrial enterprises. At the present stage of the economic reform such zones could be an ideal proving ground for honing the activity of joint ventures, particularly those which are export-oriented.

Also promising, we believe, is the idea of **special economic zones**. Employing such zones, China, in particular, has succeeded in a comparatively short time in attracting substantial direct foreign capital investments. As a whole, the successful functioning of these zones is connected with their particular attractiveness for overseas firms—minimal taxation, incentive credit and guaranteed (at a favorable rate included) supply of energy, raw material, intermediate goods and skilled manpower. All this, of course, for convertible currency. Such conditions are ensuring the rapid influx of foreign capital.

Special economic zones could contribute to the accomplishment of such national economic tasks as mastery of modern methods of production management, assimilation of the production of high-quality commodities, the accelerated economic development of this area or the other and an increase in currency proceeds. Special economic zones or "economic confidence-building zones" in our country could, it seems to us, be created in various regions (the Baltic, Black Sea coast, the Far East) and in the future, possibly, in interior areas also and become not only a convenient and mutually profitable form of cooperation and powerful stimulus of the socialist countries' economic integration but also a factor of the continued recovery in political relations with developed capitalist countries.

And, finally, concerning our credit policy. The attraction of foreign resources is becoming an essential factor of the modernization of the economic potential of the majority of countries, not excluding the United States. Unfortunately, still current with us is the idea concerning the use of foreign credit as something extraordinary associated primarily with failures in economic policy. This attitude is based on the experience of overseas borrowings in the 1970's, when the resources which were obtained frequently failed, as a consequence of mistakes and miscalculations, to produce the necessary results, that is, were in fact eaten up.



The persistence of this position will impede the implementation of long urgent transformations in the economy in view of the limited nature of the internal resources necessary for this. A further locking-in of the raw material thrust of our exports and increased isolation from the main directions of international economic cooperation and from the incentives to S&T progress which it entails will be inevitable also.

The profound, qualitative changes now occurring in our economy make justified the attraction of resources on international credit markets, if, of course, these resources are used efficiently and if the evaluation of the borrower's solvency from the viewpoint of the criteria accepted in international practice is at an acceptable level. Our solvency on international financial markets is sufficiently high. The recent successful floating of Soviet bonds in Switzerland testifies to this, in particular. A possible increase in the Soviet Union's borrowing is perceived in Western financial circles as a phenomenon which is entirely natural for the stage of an appreciable restructuring of all aspects of economic life.

We have also hitherto underestimated the great possibilities of Soviet banking establishments overseas. An expansion of their operations and the fuller and more efficient use of modern international financial practices could contribute not only to a reduction in actual debt but also the painless deferment of its repayment.

Of course, long-term loans must for the most part be channeled into the purchase of progressive imported equipment for the purpose of the organization of production in mechanical engineering and other promising sectors at world-standard level oriented both toward the domestic and foreign markets. In order for such a maneuver to make economic sense the resources which are obtained must be used extremely efficiently. For example, attracting capital from overseas, in the 1980's the United States paid foreign creditors, proceeding from the market rate, an annual 8-10 percent, the returns on the capital invested in the American economy here constituting 15-20 percent.

Undoubtedly, first and foremost a real guarantee of the efficient use of the credit that has been obtained, which our economic mechanism cannot yet give, is needed on this question. For this reason it would seem advisable originally to attract additional credit resources predominantly within the framework of S&T cooperation and production cooperation with Western partners for the financing of joint projects. An endeavor to obtain credit at all costs at below market price should possibly be abandoned here. As a rule, this "cheap" money in reality proves very costly for us as a result of the overstatement of the prices of the commodities purchased therewith. Incidentally, the long-term credit which is obtained could (given the necessary efforts on our part) in the future be converted into shares and bonds of Soviet enterprises. This is already becoming widespread international practice, and there is no reason for us to remain aloof from it.

The trends of recent years make justified also a transition from a passive to an active policy in respect of world trade, the currency-finance system and its principal institutions. Certain long evolved stereotypes both with us and in the West have to be overcome here also. "In respect of the GATT our position is positive. The Soviet state is ready to continue the process of rapprochement, which we began, seeing as the ultimate goal full membership of this agreement," V. Kamentsev, chairman of the USSR Council of Ministers State Foreign Economic Commission, observed.<sup>2</sup> In respect of the IMF and the World Bank, on the other hand, the question is more complex. But, it would seem, the positive international trends should in time gain the upper hand. The socialist countries are equal members of the international community, and no economic problem of a global nature can ultimately be solved without their active participation. And the currency-finance problem is precisely such.

Both national and collective economic self-isolation are now impossible, as is a policy of economic blockade for any length of time. The internal and external aspects of the restructuring of the economy of the Soviet Union should be organically interconnected. And the success of the restructuring cannot be complete if our country is unable to occupy in the world economy the positions which correspond to its actual production, S&T and human potential and its political authority in the world.

#### Footnotes

1. V.I. Lenin, "Complete Works," vol 1, p 95.
2. KOMMUNIST No 15, 1987, p 34.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

#### Total Nuclear Test Ban Would Promote Nonproliferation

18160001d Moscow *MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA* in Russian  
No 8, Aug 88 pp 26-38

[Article by Academician Vitaliy Iosifovich Goldanskiy, deputy director of the Chemical Physics Institute and chairman of the Soviet Pugwash Committee, and Valeriy Fedorovich Davydov, candidate of historical sciences and senior scientific associate of the USA and Canada Institute of the USSR Academy of Sciences: "Preventing the Horizontal Proliferation of Nuclear Weapons"]

[Text] A most alarming trend of the end of the 1980's is the increased danger of enlargement of the "nuclear club". At a time when the leading nuclear powers—the



United States and the USSR—are coming to think of the need to neutralize the danger emanating from the confrontation of powerful nuclear arsenals and radically reduce them or get rid of them completely even, the nuclear arms race is threatening to erupt with new force.

At the present time more than 130 states subscribe to the 1968 Nuclear Nonproliferation Treaty. They include three nuclear powers—the United States, the USSR and Britain—and also a large group of countries which have a developed nuclear industry and are capable of creating the corresponding weapons in a very short time; such “near-nuclear” (or “threshold”) states have assumed, in accordance with the treaty, the political commitment not to embark on this path. Approximately 40 states remain outside of the treaty. These include two nuclear powers—France and the PRC—and also a group of “near-nuclear” countries—South Africa, Israel, Pakistan, India, Argentina and Brazil. The first two are classified as “clandestine” nuclear states. Assessments of the potentials of the other above-mentioned countries differ merely as regards how many nuclear weapons they could create and when. All these countries are paying close attention not only to the stockpiling of fissionable material and, particularly, the appropriate technology but also to the acquisition of efficient nuclear weapon delivery systems. They are always aware of the possibility of conducting test explosions as a political method of openly announcing themselves as nuclear states.

The majority of specialists sees such a horizontal proliferation of nuclear weapons (meaning their appearance in nonnuclear states) as no less a threat to international security than vertical proliferation (the stockpiling of such weapons in the nuclear states). Some experts are concluding that if they are used, it will most likely be not between the United States and the USSR but between future nuclear states in a state of conflict with one another. All this is forcing onto the agenda of international politics the task of preventing such conflicts, forestalling nuclear terrorism and military acts pertaining to the destruction of nuclear facilities and adopting measures to limit the world trade in missile technology.

The nuclear powers, which have since the war created a cult of these weapons, have by their actions contributed to a considerable extent to the fact that the danger of horizontal proliferation has changed from a remote and abstract to a close and tangible danger.

The creation of huge potentials capable of annihilating the whole world many times over, a readiness to use them and their constant refinement—all this would seem proof of their indisputable military and political significance for safeguarding states' national interests. What, in this situation, could halt or appreciably slow horizontal proliferation? The technical barriers in the way thereof have already been overcome by the majority of “near-nuclear” countries, and the existing political barriers are

insufficiently effective. The sole thing that remains is to begin to change the international environment, a most important component of which must be a total nuclear test ban.

## I

The cornerstone of the counteraction of the enlargement of the “nuclear club” remains the Nuclear Nonproliferation Treaty. Despite the constant growth in the number of subscribers, its fate is to a large extent uncertain. The treaty expires in 1995, and then the countries which have subscribed to it will have to decide whether to extend it or not. There is no certainty as to a positive solution of this question among the majority of specialists mainly because there are profound differences in the evaluations of its significance and efficacy between subscribers to the treaty: on the one hand the nuclear states, on the other, the majority of nonnuclear countries. These contradictions are connected primarily with the fulfillment of the mutual treaty commitments.

At the time this document was being drawn up, in the 1960's, there was a consensus in respect of the need to observe a balance of commitments between the nonnuclear and nuclear states subscribing to the treaty. If the first undertook not to produce and not to acquire nuclear weapons (article II), the second would in a spirit of “good will negotiate effective measures to halt the nuclear arms race in the near future” (article VI). In addition, the preamble signposted the fundamental path toward this goal: it said that the nuclear powers proclaimed their intention to achieve “an end to all nuclear tests for all time”.<sup>1</sup>

Thus a direct relationship was established between horizontal and vertical proliferation. All the nuclear powers officially recognized this relationship. Speaking in 1968 in the United Nations, U.S. Representative A. Goldberg gave the assurance: “My country believes that the viability of this treaty will depend to a considerable extent on our successes in the future negotiations envisaged by article VI.”<sup>2</sup> The nuclear powers—the United States, the USSR and Britain—as depositories of the treaty, also recognized that a complete nuclear test ban would be important testimony to their readiness to fulfill their commitments. President J. Carter emphasized: “A total nuclear test ban treaty would signal to the world the resolve of the countries which signed it to proclaim an end to the continued development of nuclear arms.”<sup>3</sup> However, the official recognition of the relationship of horizontal and vertical proliferation was not until most recently reflected in the nuclear depository powers' practical actions.

Twenty years after the signing of the treaty it is easy to conclude that, as distinct from the nonnuclear states, which have complied and continue to comply with their commitments, the nuclear subscriber-powers have essentially ignored their reciprocal commitments. From 1968 through 1988 their arsenals have grown several times

over and now constitute 50,000 nuclear weapons. In this same time, following the conclusion of the 1963 Partial Nuclear Test Ban Treaty, the annual frequency of nuclear tests has increased sharply. The absence of a treaty on a total ban thereof made the Soviet-American negotiations a "labor of Sisyphus" in the sphere of the control and limitation of nuclear arms in the 1970's also.

It is not fortuitous that the nuclear powers' approach to disarmament has given rise and continues to give rise to invariable criticism on the part of the other states. At the three conferences (1975, 1980 and 1985) to monitor the effect of the Nonproliferation Treaty the nonnuclear countries invariably emphasized the importance of the conclusion of a total test ban treaty as a principal step leading to the strengthening of the global nonproliferation process. Consensus in respect of support for the nonproliferation process was reached with manifest difficulty at the first conference to monitor the effect of the treaty in 1975. The second conference (1980) ended in complete failure, despite the fact that at this time the United States, the USSR and Britain were close to signing a total test ban treaty. The conference was unable even to adopt a final declaration of support for the Nonproliferation Treaty. At the third conference (1985) an impasse situation took shape as a result of the fact that the overall increase in the arms race in the period 1980-1985 had seriously disquieted the majority of subscribers to the Nonproliferation Treaty. Only the joint diplomatic efforts of the USSR and the United States enabled the conference to be saved from collapse.

On the question of a total suspension of nuclear testing the United States and Britain found themselves completely isolated not only from the nonaligned and neutral countries but also from the majority of their allies. In the absence of a readiness to follow the example of the USSR, which had in 1985 announced a moratorium on nuclear testing and called for the conclusion of a treaty on a halt thereto, the assurances of the United States and Britain that they supported deep cuts in nuclear arms as the way to comply with article VI commitments made no impression on the majority of conferees.

In spite of U.S. pressure, the group of nonaligned and neutral states prepared a separate declaration, which called on the "three Nuclear Nonproliferation Treaty depository states to impose as a temporary measure an immediate moratorium on all tests of nuclear weapons" and also "to negotiate a complete freeze on the testing, production and deployment of all types of nuclear weapons". It was inserted as a supplementary, but inalienable part of the final declaration. At the insistence of the majority of the conferees assessments (albeit toned down sufficiently to render them acceptable to the United States and Britain) corresponding to the actual state of affairs connected with article VI of the treaty were inserted therein. Section 12 of the declaration says: "The conference confirmed once again that the aims of article VI remain unfulfilled and concluded that the

states possessing nuclear weapons must make greater efforts to ensure effective measures for an end to the nuclear arms race in the very near future and for nuclear disarmament.

"The conference, with the exception of certain states... expressed profound regret in connection with the fact that an all-embracing multilateral treaty on a halt to nuclear testing banning for all time all nuclear tests by all states in all media has yet to be concluded and called in this connection on the subscribers to the treaty possessing nuclear weapons to resume in 1985 the tripartite negotiations, and on all nuclear states, to participate in urgent negotiations concerning the conclusion of such a treaty as a question of paramount importance at the Conference on Disarmament."<sup>4</sup>

It is the question of banning all tests which has been and remains the touchstone of the nuclear powers' resolve to fulfill their obligations in the disarmament sphere. Of course, the achievement of the accords between the United States and the USSR on the elimination of intermediate- and shorter range missiles and the possibility of a 50-percent reduction in strategic offensive arms are supported by the parties to the treaty. But at the same time they cannot fail to ask themselves the legitimate question: are the nuclear powers not about on this occasion also to take the path of streamlining their potentials while reducing their quantitative parameter. And the fact that the United States is refusing to unconditionally suspend nuclear testing and preparing for the creation of arsenals of third-generation nuclear weapons, that is, continuing the policy of ignoring nuclear disarmament commitments, will hardly escape their notice.

How might a failure to comply with these commitments be reflected in the fate of the Nuclear Nonproliferation Treaty? Its continued existence is frequently perceived as something which is taken for granted. To a certain extent such an assessment is brought about by the conclusion of the majority of parties to the treaty that the possession of nuclear weapons does not strengthen but weakens a state's security. However, this does not preclude the possibility of the withdrawal from the treaty of countries which decide that the acquisition of nuclear weapons corresponds to their security interests. This right is provided for in the treaty wording itself (article X). If some states have ideas on this score, it would be more profitable to them to use temporary participation in the treaty as a screen for accumulating the necessary technology and materials in order to subsequently openly embark on the path of nuclear armament on the pretext that the states which already have such weapons are not abiding by their treaty commitments.

Of more importance, essentially, is another problem: how long will the nonnuclear subscriber-states put up with the nuclear powers' nonfulfillment of their commitments? Of course, the conclusion that the nonproliferation process will be torpedoed when the treaty expires in 1995 would evidently be too categorical. The experience

of the conferences monitoring the effect of the treaty testify that the nuclear powers and their allies are capable of overcoming their disagreements and demonstrating a high degree of interaction in preservation of the nonproliferation process. However, it would be a mistake to hope that the treaty might be preserved in the form in which it exists—without more precise commitments pertaining to a halt to nuclear testing. There is no doubt that the nonnuclear subscriber-states could make to the Nonproliferation Treaty changes which would be connected primarily with a halt to all nuclear tests. If, however, the nuclear powers prove to be not ready for these changes, the treaty in its current form really could be torpedoed—with all the negative consequences for international security.

## II

The Soviet-American negotiations on limiting and ultimately halting nuclear tests, which began in 1987, instill hope that the cardinal problem, on which the fate of the Nonproliferation Treaty depends, will be solved satisfactorily. But this hope may be justified only on one condition: if the United States and the USSR jointly recognize the urgency of a halt to all tests and take practicable steps to attain this goal. Such a prospect is not to be looked for at the current stage. The United States, as distinct from the USSR, which is ready for an immediate suspension of testing, is, as before, insisting on the need to continue nuclear testing and agrees to recognize a halt thereto merely as a distant goal. President Reagan's statement in the Congress (1987) said: "A treaty on a total ban on nuclear testing remains the United States' long-term goal. However, the conclusion of such a treaty must be examined under conditions where we are not dependent on nuclear deterrence for safeguarding security and stability and only when we have implemented wide-ranging, deep and verifiable arms reductions and confidence-building measures and have achieved a greater balance in conventional arms."<sup>5</sup> Given such cumbersome "conditionality," we may hardly hope even in the foreseeable future for the achievement of agreement on a total nuclear test ban.

The Reagan administration is incessant in emphasizing that it is first of all necessary to overcome the intermediate hurdles in a halt to testing—ratification of the 1974 Soviet-American treaty on limiting underground nuclear explosions and the 1976 treaty on underground nuclear explosions for peaceful purposes. What part might their ratification play in preventing horizontal nuclear proliferation? From the viewpoint of the majority of nonnuclear states the 1974 treaty testifies to an intention to streamline the nuclear arms race and shift the emphasis onto the continued upgrading and miniaturization of various types of nuclear warheads. A further lowering of the yield of nuclear tests and also the establishment of quotas therefor could also, evidently, be perceived as an endeavor to preserve the efficiency of the nuclear arsenal and increase the potential of tactical nuclear arms.

Clearly, the significance of the agreements on a reduction in the yield of nuclear tests could hardly be compared with the significance of a treaty on a total ban thereon. It is perfectly natural that the majority of nonnuclear states demonstrates at best indifference to the fate of the 1974 treaty. The more so in that following the elimination of intermediate- and shorter-range missiles and a 50-percent reduction in strategic offensive arms, there could be an increase in the relative significance of the tactical nuclear weapons as yet not limited by any agreements between the United States and the USSR.

The nonnuclear countries' attitude toward the 1976 Treaty Limiting Underground Nuclear Explosions for Peaceful Purposes is of a contradictory nature. Some states, particularly countries which do not subscribe to the Nonproliferation Treaty, are continuing to emphasize their right to carry out such. Considering that the technology of nuclear explosions for peaceful and military purposes is the same, their continued legalization, to which ratification of the 1976 treaty will lead, cannot do anything other than harm the cause of nonproliferation. On the pretext of peaceful tests the "threshold" states could embark on the path of nuclear arms. The temporary renunciation by the United States and the USSR of all underground explosions for peaceful purposes would therefore seem expedient. Such an approach is supported also by a large group of countries which subscribe to the Nonproliferation Treaty, specifically, industrially developed countries. As in the case of the 1974 treaty, ratification of the 1976 treaty would make sense, if at all, only as an intermediate stage en route to the speediest suspension of nuclear explosions for peaceful purposes.

Of course, the realization of gradual steps is preferable to running in place. However, considering the interests of the nonproliferation process and the increased danger of nuclear tests being carried out by the "threshold countries," the conclusion of a treaty on a total ban would be of paramount significance, from the viewpoint of which the main questions of the Soviet-American negotiations under way in Geneva on limiting and ultimately halting nuclear testing should be tackled.

Will the Nonproliferation Treaty depository-powers reach accords on a suspension of all nuclear tests prior to its expiration? The future of the entire nonproliferation process will depend on this. If not, the crisis of the treaty is inevitable. However, the other question of whether too much time has been let slip and whether in this time there will not be a breakthrough to the "nuclear club" of the "threshold" states remains open.

## III

The opponents of a complete ban on testing frequently express the opinion that it would contribute to the horizontal proliferation of nuclear weapons. The weakening of nuclear guarantees as a result of the impossibility of the further upgrading of the corresponding arsenal

of the United States could force its allies to embark on the path of creation of their own potential to replace the American nuclear umbrella. This argument might be a model of formal logic, but it is too contrary to the actual aspirations of the majority of the United States' allies. West Europe, Japan and the ANZUS countries supported the Soviet-American agreements on the elimination of intermediate- and shorter-range missiles and advocated 50-percent cuts in strategic offensive arms and are expressing no doubt as to the dependability of the American means of deterrence in the event of a suspension of testing. On the contrary, they are expressing other misgivings—that the nuclear arms race might get out of control and lead to the increased danger of nuclear catastrophe, in which it is the United States' allies which would be the first and principal casualties. The most popular and promising foreign policy direction would seem to be the attempt of the majority of them to dissociate themselves from the nuclear preparations of the United States and to prohibit the deployment of nuclear weapons on their territory in peacetime. Such commitments have been and are being adopted by Denmark, Norway, Spain, Greece, Portugal, Australia, New Zealand and the Philippines; Japan continues to adhere to the "not to import, not to produce and not to acquire" nuclear weapons principle. The main opposition party in the FRG—the Social Democrats—is opposed to the presence of American nuclear weapons on West German territory. The allies of the United States, just like those of the USSR, are demonstrating devotion to the nonproliferation process and subscribe to the corresponding treaty.

In addition, the vast majority of them, just like the socialist, nonaligned and neutral countries, supports the idea of a complete halt to nuclear testing as a factor sharply impeding both vertical and horizontal nuclear proliferation. Addressing the third conference to monitor the effect of the Nonproliferation Treaty, R. Imai, head of the Japanese delegation, voiced the prevailing opinion in this connection when he said: "My country has emphasized the importance of a test ban as an essential first step en route to nuclear disarmament.... A test ban is important from the viewpoint of prevention of both vertical and horizontal nuclear proliferation and would thus be a useful addition to the Nonproliferation Treaty process."<sup>6</sup> The process of the consolidation of the nonnuclear states, regardless of bloc affiliation, on the question of a total nuclear test ban has become a reality of international relations. Evidence of this is the annual support in the United Nations by the vast majority of countries for resolutions calling for a complete suspension of nuclear testing and formulation of the corresponding agreement.

Politically, the conclusion by the United States, the USSR and also Britain of a treaty completely banning nuclear tests would lead to a strengthening of these powers' positions as the founders of the nuclear nonproliferation process and would facilitate solution of the question of a strengthening thereof and the imparting to

it of a universal character. The other nuclear states—France the PRC—could hardly ignore its existence for long. It is expedient to recall that, following the signing of the 1963 Partial Nuclear Test Ban Treaty, France and the PRC have not carried out tests in the atmosphere since 1975 and 1981 respectively.

As of the mid-1980's France's underground nuclear tests on Mururoa atoll in the Pacific have been giving rise to a growing wave of criticism among countries of the Asia-Pacific region, which are fully resolved to force Paris to halt these tests. Protocol 3 to the Rarotonga Treaty on a Nuclear-Free Zone in the South Pacific (1985) makes binding the nontesting of any nuclear explosive devices within this zone. Although France (like the United States and Britain) has refused to subscribe to the Rarotonga Treaty, nonetheless, it will have to clarify relations in this connection with the countries which are participating in the nuclear-free zone. Describing its approach to nuclear disarmament, Paris, under the pressure of world public opinion, has officially been forced to declare that the United States and the USSR should initially radically reduce their arsenals and that only after this would Paris join in the negotiations on limiting its nuclear potential. The possibility of France preserving for even a short time the immunity of its nuclear testing program from an international treaty on a total nuclear test ban would seem extremely problematical. Despite the continued nonsubscription to the Nonproliferation Treaty, France, we would note, has officially declared that it will on these questions behave as a state which is a party to the treaty.

It is the general opinion of specialists that the PRC has a relatively modest program for the modernization of its nuclear forces. From 1964 through 1987 the PRC carried out approximately 30 nuclear explosions altogether. In 1987 the PRC subscribed to protocol 3 of the Rarotonga Treaty. Having undertaken not to be the first to use nuclear weapons and also never to use nuclear weapons against nonnuclear states, the PRC has throughout the 1980's repeatedly advocated a reduction in the nuclear arsenals of the United States and the USSR. Just like France, the PRC has declared that it will abide by a policy of nuclear nonproliferation, while not formally subscribing to the treaty. Considering the PRC's political ties to developing and neutral countries which support a suspension of nuclear testing, it is not difficult to conclude that disregard therefor is not in the PRC's interests; it would sooner subscribe to it than endanger its long-term interests in the developing world.

#### IV

The significance of a complete suspension of nuclear testing for averting horizontal proliferation shows through in particular relief if it is examined specifically for each "near-nuclear" country.

Approaching the end of the 1980's India is faced with the need to make a choice—either to take the path of the creation of nuclear weapons or head the movement of nonaligned and neutral states aimed at the elimination of nuclear arms, simultaneously leaving open the possibility of acquisition of such weapons and creating the industrial basis for this. The assertions that a decision on the question of whether India will be a nuclear power or not depends mainly on the behavior of its principal opponent—Pakistan—and also the PRC may be encountered frequently. However, this is just one factor, it would seem, determining India's position. The process of the nuclear arms race between the United States and the USSR performs the decisive role.

India has always given as the reason for its refusal to subscribe to the Nonproliferation Treaty the fact that it perpetuates the division of states into nuclear and non-nuclear and is discriminatory. The symbol of discrimination is the continued testing and the nuclear powers' advancement along the path of the creation of increasingly modern and refined arms systems. This to a large extent determines India's negative attitude toward Pakistan's proposal that they subscribe in concert to the Nonproliferation Treaty, undertake bilateral commitments not to create nuclear weapons, open the nuclear facilities for mutual inspection and create a nuclear-free zone in South Asia. At the same time, however, all proposals leading to a winding down of the global arms race meet with India's invariable support.

India has since the mid-1950's emphatically supported the conclusion of a treaty completely banning nuclear tests. Delhi regularly supports initiatives aimed at the complete elimination of nuclear arms. India constantly votes for UN General Assembly resolutions on a halt to the arms race and nuclear testing. India subscribed to the 1963 Partial Test Ban Treaty. When, in 1985, the USSR announced a moratorium on nuclear explosions, India headed the movement of leaders of countries of the five continents who called on the other nuclear powers to follow the USSR's example. In addition, India offered together with its partners to assist in monitoring compliance with a total nuclear test ban.

Since the "demonstration" explosion in 1974, India has applied the brakes to its nuclear preparations. The R. Gandhi government's position of "restraint" on these matters is subject to strong pressure on the part of the military and political circles which believe that India is merely losing time in advocating radical disarmament and that India's position in the world arena and its security would be strengthened were it to embark openly on the path of nuclear arms and to continue testing explosive devices. Reflecting these views, K. Subramanian, director of the Defense Studies and Analysis Institute (Delhi), emphasizes the expediency of the following step: "...India must make its nuclear choice prior to 1995, before an attempt is made to make the so-called nonproliferation treaty permanent."<sup>7</sup>

In the absence of a total test ban treaty the impact of the supporters of the possession of nuclear weapons on the Indian Government's official position is growing. As the majority of experts believes, India is continuing to stockpile fissionable materials and assimilate technology which could be used for military purposes. Great attention is being paid to research efforts in aerospace technology capable also of serving as nuclear weapon delivery systems. The current fragile balance in India's position could not only be preserved but also emphatically in favor of the nonpossession of nuclear weapons by the conclusion of a world total nuclear test ban treaty.

Approaching the end of the 1980's, experts generally estimate, Pakistan has stockpiled and assimilated the fissionable materials and technology necessary to produce nuclear weapons. In an interview with *TIME* magazine of 30 March 1987 Pakistan President Zia-ul-Haq declared plainly: "You may write today that Pakistan is capable of manufacturing a bomb when it wishes."<sup>8</sup> Various materials necessary for designing thenonuclear components of explosive devices have been purchased via secret transactions on markets of Western countries. Pakistan possesses nuclear weapon delivery systems—F-16 and Mirage aircraft—and is making efforts in the missile-manufacturing field also.

The Reagan administration's ending of compliance with the Symington Amendment in 1981 in connection with the events in Afghanistan dictated abundant military assistance, ensured political support and essentially removed significant barriers in the way of realization of Islamabad's nuclear ambitions. Throughout the 1980's the game of cat and mouse in which Washington would persuade Islamabad not to go further down the road of creation of nuclear weapons and thereby compromise the United States as a champion of nonproliferation, and Islamabad would deny any such intentions and simultaneously secretly and consistently act in the direction which it had planned invariably ended in Pakistan's favor. Its leaders skillfully and adroitly took advantage of the United States' interest in a strengthening of military and political ties to Pakistan as an anti-Soviet springboard for operations against Afghanistan.

As a result the United States has virtually forfeited, it would seem, any levers of influencing the future course of Islamabad's nuclear preparations. Even the U.S. Congress' suspension of military assistance, on which the Reagan administration had been insisting, will hardly make the Pakistani ruling circles listen to reason and have any pronounced impact on their behavior on nuclear issues.

Pakistani leaders have emphasized repeatedly, hinting at India, that were some neighboring country to conduct nuclear tests, the Pakistani people "would eat grass" to do the same. In the 1980's the Western mass media have reported repeatedly that Islamabad is preparing for such a step. Is it possible in the near future? If India carries out one more nuclear test, Pakistan's response will be

immediate. But even if India shows restraint in these matters, it is hard to answer unequivocally "yes" or "no" to this question. On the one hand Pakistan would hardly wish to provoke India, inviting it to an open nuclear arms race in South Asia. Pakistani leaders recognize that they could hardly count in this event on military assistance on the part of Washington (Congress would block it conclusively).

There would at the same time be a sharp increase in tension in relations between the USSR and Pakistan also. From the technical viewpoint there is hardly any need to embark on tests of explosive devices at this stage of the nuclear program. On the other, Islamabad's ambitious aspirations to be the leader of the Islamic world and create not only a Pakistani but "Islamic bomb" are pushing it toward the unconcealed acquisition of nuclear weapons in spite of pragmatic calculations, the negative consequences being ignored. From this viewpoint the question amounts not to whether to conduct tests or not but to when to conduct them and on what pretext. As in the case of India also, a global nuclear test ban would be the most effective and, possibly, sole measure for preventing Pakistan's acquisition of nuclear weapons. Although Pakistan does not subscribe to the Partial Nuclear Test Ban Treaty, Islamabad regularly votes in the United Nations for resolutions calling for a total suspension of nuclear tests and officially supports the ideas of the nonuse of nuclear weapons and their elimination.

The nuclear rivalry in South Asia is inexorably turning this region into a hotbed of international tension in which the probability of the use of nuclear weapons in conflicts between the "threshold" states and the danger of the involvement therein of the nuclear powers themselves is increasing. A total nuclear test ban seems a modest price to pay for neutralization of the development of such a menacing prospect.

The greatest progress in the secret stockpiling of nuclear materials and the assimilation of technology is being demonstrated by Israel. The majority of experts agrees that it has long been a "clandestine" nuclear state. According to testimony of the Israeli nuclear engineer M. Vanunu given in 1986, Tel Aviv could have at its disposal 100-200 nuclear weapons. In addition, some experts believe that the manufacture of a second-generation—hydrogen—bomb has already been assimilated under laboratory conditions, without testing even. Israel possesses aerial nuclear delivery systems. Jericho 2 missiles, which in terms of their specifications approximate intermediate-range missiles (up to 2,500 km), were tested in 1987 in the Mediterranean.

Israel gives as the reason for its refusal to subscribe to the Nonproliferation Treaty the fact that the latter is incapable of effectively preventing the proliferation of nuclear weapons. In this connection Tel Aviv has repeatedly expressed the opinion that a whole number of Arab countries (Libya, Iraq and such) subscribes to the treaty

merely for the purpose of accumulating nuclear potential in order to use it for military purposes when this becomes necessary. Israel's bombing in 1981 of an Iraqi peaceful nuclear facility showed that Tel Aviv is prepared to accede to extreme measures if some neighboring country creates nuclear weapons.

At the same time, however, Israel's ruling circles recognize to a certain extent that other countries will hardly put up for long with its monopoly, albeit "clandestine," position as a nuclear state. At the present time the majority of Arab countries and also Iran are demonstrating a growing interest in the assimilation of nuclear technology. Of course, it is hard to believe that they will be able in the immediate future to attain the level of Israel's nuclear program. However, the intensification of efforts in this direction is obvious. It is no accident that the Arab states are concluding agreements on cooperation in the nuclear sphere among themselves and also with Latin American countries—Argentina and Brazil.

Foreseeing the possibility of future retaliatory measures on the part of Arab states, Tel Aviv is sedulously avoiding attracting international attention to the growth of its nuclear potential and emphasizing officially that Israel will not be the first state in the region to resort to nuclear weapons, that it will not henceforward destroy neighboring states' nuclear facilities and that it supports the creation of a nuclear-free zone in the Near East. One perceives behind all this an interest in additional measures which might lock-in the existing distance in the nuclear sphere between Israel and neighboring countries. A nuclear test ban could be such a measure.

Israel is a party to the 1963 Partial Nuclear Test Ban Treaty. Objectively a further upgrading of Israel's potential could pose the question of the corresponding tests, particularly in the event of some "threshold" state venturing such to announce itself as a nuclear power. At the same time, however, fears of the negative political consequences of carrying out tests are as yet holding Tel Aviv back from such actions.

The majority of experts agrees that South Africa also could be classified as a "clandestine" nuclear state. Differences arise only in respect of the quantity of bombs which Pretoria is in a position to manufacture from its stockpiled fissionable material. A figure of approximately 20, and sometimes more, is cited.<sup>9</sup> Pretoria has never concealed the fact that it intends acquiring nuclear weapons. Following India's explosion of a nuclear device in 1974, South Africa was close to carrying out its own test in 1977. Facilities being installed in the Kalahari Desert, photographs of which were obtained with satellites, caused hardly anyone in the West or the East to doubt that Pretoria was preparing to openly declare itself a nuclear state. Only a concerted diplomatic campaign by leading countries of West and East helped prevent the open appearance of yet another nuclear state. The interaction of the United States, USSR, Britain, France and other states became a precedent for curbing nuclear

proliferation, which, unfortunately, has yet to become the rule of the nuclear powers' behavior. However, as the growth of the threat of proliferation from 1977 through 1988 shows, continuing the nonproliferation process will hardly be possible without such interaction encompassing spheres of the exchange of information and without close coordination of policy.

The United States' long flirtation with South Africa on nuclear nonproliferation issues in the 1980's has not led to the results for which the Reagan administration was hoping. Although it promised Washington that it would abide by the letter and spirit of the Nonproliferation Treaty when exporting its nuclear materials and technology to other countries, Pretoria flatly refuses to put its uranium-enrichment plants under IAEA supervision. At the time when the United States and Western countries were adopting economic and other sanctions in response to the white minority's racial policy, Pretoria began to actively play the nuclear card.

The probability of South Africa venturing to openly carry out nuclear tests to intimidate the national liberation movement, encourage the white minority and give the leading Western powers a "psychological slap in the face" for their unfriendly behavior is intensifying increasingly toward the end of the 1980's. The reason given for Pretoria's endeavor to acquire nuclear weapons has always been not so much military as political considerations. For South Africa, which has considerable superiority in conventional armed forces and arms to the front-line African states, nuclear weapons are hardly of importance for conducting military operations and, even less, for putting down racial unrest within the country. However, as a means of intimidating neighboring states and enhancing their political status in the eyes of Western countries nuclear potential—its development and buildup—has always been rated highly in the calculations of South Africa's ruling circles.

At a time when the very existence of the white minority regime could prove to be in jeopardy, its leaders are liable to agree to extreme measures even—to demonstrate their nuclear potential by carrying out a test. There is no doubt that it would be far easier for Pretoria to accomplish this action in the absence of an international total nuclear test ban treaty than were one to exist. Lest this happen, anticipatory actions of the nuclear states in the sphere of a suspension of all tests are essential right now.

Two Latin American "threshold" countries—Argentina and Brazil—are also continuing to stockpile nuclear materials and technology which could be used for military purposes. With civilian governments having come to replace in power military regimes there has been a lessening of the emphasis on military aspects of the nuclear programs, but there has been practically no slowdown in the pace of their implementation. In addition, Argentina and Brazil are cooperating with one another in this field and becoming exporters of nuclear materials and technology to developing countries.

Categorizing the Nonproliferation Treaty as "discriminatory," Argentina and Brazil are carefully protecting their freedom of maneuver on nuclear issues. They do not subscribe to the Tlatelolco Treaty banning nuclear weapons in Latin America and emphasize their right to carry out explosions for peaceful purposes and enrich uranium or regenerate plutonium from nuclear power station waste without supervision on the part of the IAEA. Increasingly great attention is also being paid in Argentina and Brazil to the development of independent aerospace nuclear delivery systems.

The approach of these two countries to the question of whether to create nuclear weapons or not will largely be determined by what happens in the world arms race and whether they will encounter the need for enhancing their political authority in the international arena to openly acquire nuclear weapons, as Britain, France and the PRC did formerly. These countries' attitude is largely reminiscent of India's approach. Without making the conclusive choice, Argentina and Brazil could take an interim step—without fearing the reaction of their neighbors, conduct tests of a nuclear device for peaceful purposes authorized by the Tlatelolco Treaty. Such a policy could be chosen also as an attempt to caution the nuclear states of the need to take stock of the political interests of the developing countries. This would seem particularly tempting for Argentina in the light of the unresolved dispute with Britain over the fate of the Malvinas (Falkland) Islands.

At the same time, however, it has to be noted that Argentina and Brazil support the idea of a global nuclear test ban as the most effective step on the way to a halt to the nuclear arms race. Argentina has signed, and Brazil, signed and ratified, the 1963 Partial Test Ban Treaty. Together with India Argentina participates in regular meetings of representatives of the five continents designed to put an end to nuclear testing. Brazil was the initiator of the declaration of the South Atlantic as a zone of peace free of nuclear weapons. There is hardly any doubt that Argentina and Brazil would subscribe to a total nuclear test ban treaty.

Thus a treaty could have a decisive impact on the choice of each "threshold" country examined above in favor of the nonnuclear path. The vast majority of them will be oriented on these issues by the future policy of the leading nuclear powers.

## V

A total nuclear test ban would create powerful political barriers in the way of the acquisition of nuclear weapons by the countries which remain outside of the Nonproliferation Treaty. It would be extremely difficult for them from the political viewpoint to reject a treaty which had gained worldwide support and which, as distinct from the Nonproliferation Treaty, could not be criticized as "discriminatory". Such an agreement, imposing equivalent obligations on both the nuclear and nonnuclear



states, would be an important organic component of the entire nonproliferation process. Its signing by countries which are not party to the Nonproliferation Treaty could be a prelude to their subscription to the latter.

The assertion that even the participation of the "threshold countries" in a total test ban treaty would not stop their advance along the path of the creation of nuclear weapons may be heard frequently. Technically the possibility of carrying out such tests on laboratory benches does indeed exist. But it is within the capabilities only of the states which have a high degree of technological development in this sphere (only Israel, evidently, may be put in this category). But even for them the moment could sooner or later come (as was the case with the five present-day nuclear powers also) when it would be necessary to conduct tests to determine the efficiency and further upgrading of this nuclear arms system or the other. In this case a total nuclear test ban treaty would essentially be a decisive barrier to the adoption of a political decision to conduct such.

Thus implementation of a program to create efficient nuclear forces could be halted at an early stage. At the same time the political impact of a total test ban treaty on the behavior of the "threshold" countries would be extremely palpable. Treaty commitments not to carry out tests would play the same part as the Nonproliferation Treaty commitments of the states which have the industrial base for acquiring nuclear weapons, but are not creating them. It should be recalled in this connection that President J. Kennedy's assumption concerning the possible appearance of 15-20 nuclear states in the 1970's has not become a reality merely thanks to the existence of the Nonproliferation Treaty and the adoption by the majority of its subscribers of political commitments not to create nuclear devices.

However negatively this treaty itself has been viewed, the "near-nuclear" states which do not subscribe to it are forced to reckon with the policy pursued by the vast majority of countries.

So that even if some "threshold" countries remain outside of a total nuclear test ban treaty, its existence and support therefor by the world community would be a factor with which they would be forced to reckon.

The conclusion of such a treaty would permit the nuclear states to occupy strong positions in the sphere of nonproliferation and afford an opportunity for the adoption of joint or parallel sanctions against states which attempted to carry such tests.

The task of the search for more efficient approaches to neutralization of the real threat of horizontal nuclear proliferation is arising toward the end of the 1980's. The new political thinking requires recognition that strengthening the nonproliferation process is possible only with the aid of a total nuclear test ban. The surest method of preventing the enlargement of the "nuclear club" is to

disband it. A complete halt to nuclear testing would be eloquent testimony to the leading powers' intentions to begin consistent movement toward this goal. Neither the United States, the USSR nor the other nuclear powers can permit themselves the "luxury" of testing increasingly new types of arms for continuation of the nuclear arms race, which would rebound against vitally important interests of their national and general security.

#### Footnotes

1. "Arms Control and Disarmament Agreements. Texts and History of Negotiation. U.S. Arms Control and Disarmament Agency," Washington, 1977, pp 84-86.
2. UN Document. A/C. 1/pv. 1556.
3. Jimmy Carter, "Three Steps Toward Nuclear Responsibility" (THE BULLETIN OF ATOMIC SCIENTISTS, October 1976, p 11).
4. "Disarmament. A Periodic Review by the United Nations," vol VIII, No 3, Winter 1985, pp 89, 95-97.
5. "Statement Submitted to the Congress by the President. 1988. Arms Control Impact Statement, June 1987," Washington, 1987, p 18.
6. "Disarmament....," p 55.
7. "India and the Nuclear Challenge". Edited by K. Subramanian, New Delhi, 1986, p 10.
8. "Pakistan. Knocking at the Nuclear Door" (TIME, 30 March 1987, p 14).
9. L. Spector, "Going Nuclear," Carnegie Endowment for International Peace, Cambridge (Mass.), 1987, p 230.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

#### 'Code of Conduct' Would Aid Settlement of Regional Conflicts

18160001e Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 88 pp 39-47

[Article by Aleksandr Konstantinovich Kislov, doctor of historical sciences, deputy director of the USSR Academy of Sciences World Economy and International Relations Institute (IMEMO): "New Political Thinking and Regional Conflicts"]

[Text] The urgent need to unblock regional conflicts—these gaping wounds on the body of mankind—is becoming particularly visible in an atmosphere where



the first practical steps toward the liberation of mankind from the nuclear danger are being taken. The new thinking must become the principal vector of policy geared to a peaceful settlement of regional conflicts at various "flash points" of our planet, without which lasting international security is inconceivable.

Given a profound dialectical understanding of the essence of the new thinking, M.S. Gorbachev, general secretary of the CPSU Central Committee, observed, there is no contradiction between the policy which is based thereon and the interests of each people, including the peoples fighting for their independence and for an independent choice of national development. "The deeper the new thinking penetrates the consciousness of the world community and political life," the Soviet leader declared at the time of the meeting with PLO Executive Committee Chairman Y. Arafat, "the more rapidly a new political situation in the world wherein it is easier to solve conflict, including regional, problems will be created."<sup>1</sup>

Regional conflicts are swallowing up colossal material resources so necessary for all, primarily the developing, countries and thrusting back peoples' and states' economic, social and cultural development. The many hundreds of billions of dollars spent by the parties to various regional conflicts for military purposes could in the last decade alone have been used for the irrigation of arid desert and the solution of problems of poverty and hunger, education and health care and many other purposes, in which hundreds of millions of people involved in this form or the other in regional conflicts have a vital interest. In addition, as catalysts of local and international tension, many of these conflicts are fraught with the danger of development into clashes of a large, even global, scale. This danger is further intensified by the perfectly realistic possibility of the use of nuclear weapons and other weapons of mass destruction (specifically, increased-range missiles) by the actual or potential parties to such conflicts as they expand, which cannot fail to present a most immediate threat primarily to the countries neighboring the area of conflict. Finally, nor can it be forgotten that regional conflicts and crisis situations create fertile soil for international terrorism.

Considering all this, the Soviet Union sets as its goal the stimulation of collective efforts aimed at the settlement of conflict situations in various parts of the world without any exception. The positive contribution of all states—large and small, capitalist and socialist—any responsible party or social organization and, finally, each individual could prove important in the solution of this question.

The emergence of regional conflicts is brought about by the interaction of a multitude of internal and external factors of a historical, national-ethnic, religious, political, social, economic and other nature, primarily processes occurring in the countries which are a party to the

conflicts themselves. But if an attempt is made, nonetheless, to find the most common denominator for all these factors, it undoubtedly proves ultimately to be colonialism and racism and their legacy and residual phenomena and imperialism's long economic plunder of the developing countries. At the same time a considerable part is played also by the maneuvers of the imperialist powers, primarily the United States, which are attempting to take advantage of simmering regional conflicts and crisis situations or those which have already erupted for their own hegemonist purposes and are inciting the outbreak of new ones. The United States evidently needs regional conflicts as a permanent reserve for maneuvering the level of confrontation, power politics and anti-Soviet propaganda.

Washington began to resort particularly actively to such maneuvering after parity had been established at the global level between the Soviet Union and the United States in the strategic arms sphere. Having found itself incapable of victory in the struggle to achieve military superiority at the strategic level, the United States attempted to "break" the parity, specifically, by way of tilting the balance of forces in its favor at regional levels. As a result all conflicts in any part of the world, including those arising exclusively in local soil, came to be seen in Washington primarily in the context of Soviet-American confrontation.

Several tasks were set here.

First, increasing the Soviet Union's involvement in these conflicts and forcing it to scatter its economic and other resources in many directions, in which there exists among various imperialist powers a kind of "division of labor". As the Soviet experts V. Zhurkin, S. Karaganov and A. Kurtunov observed, the latter has made particularly graphic "the predominance of a group of states opposite to the Soviet Union in terms of economic and S&T potentials, human resources, provision with food and a number of other parameters. The fact that in the majority of conflicts in the zone of the developing countries the Soviet Union renders governments of national-democratic and socialist orientation (in Afghanistan, Angola, Ethiopia, Mozambique) support in their struggle against antigovernment gangs and mercenaries imposes on the USSR far greater political responsibility and an economic and military burden than on the United States."<sup>2</sup>

Second, making the maximum use of regional conflicts for the political isolation of the USSR (from Muslim countries in connection with the situation in Afghanistan, for example) and counterposing it to the other "power centers" which have taken shape in this region or the other. The assertions that conflict situations in the world are primarily a consequence of the "USSR's interference," its "geopolitical offensive" in the "third world" and the "subversive activity of communism" or its "agents" have been spread persistently for propaganda cover for such tactics.

Finally, one has the impression that Washington strategists believe that regional and local conflicts and crisis situations also afford the United States additional opportunities for exerting political, economic and military pressure on countries which have found themselves within the zone of such conflicts, primarily the states and forces whose policy is not to its liking.

Take, for example, the scale, totally unwarranted from the viewpoint of the protection of shipping, of the concentration of warships and other military hardware and also servicemen of NATO countries, primarily the United States, in the Persian Gulf, along which important navigation routes providing for appreciable supplies of oil to Western countries and Japan run. We could understand the argument that certain military efforts are necessary to safeguard unimpeded oil shipments. But, as experience has shown, the United States' actions have had the opposite results. Thus whereas in 1986, that is, before the greatest concentration in the Gulf of Western countries' warships, there were 80 attacks on merchant shipping costing 52 lives, in 1987 these figures had grown to 178 ships and 108 seamen killed respectively. The "tanker war" has been stepped up even more in the current year. Thus following the unprecedented concentration in the Persian Gulf of the naval armada of the United States and other NATO countries, international shipping in the waters of the Gulf has become no less dangerous. Moreover, perfectly realistic prerequisites have been created for the even greater expansion of the Iran-Iraq conflict, which has been raging in the region for 8 years now, with the involvement therein of new parties with all the unpredictable, but undoubtedly very serious consequences ensuing from this.

The concentration in the Persian Gulf of the powerful U.S. naval assault grouping was connected, evidently, not so much with the protection of shipping as the achievement of some other goals. Which precisely we can only guess. But we would not be all that wide of the mark in even now citing among them such goals as the endeavor of the Washington administration to rehabilitate itself if only to some extent in the eyes of its closest allies in the Arab world following the inglorious withdrawal of the American Marines from Lebanon and the "Iran-Contra" scandal, which had undermined Arab trust in the United States, in its military possibilities in the Near East, in particular; the hope of taking advantage of the current situation to obtain on a permanent basis bases and other military facilities in the operational zone of the so-called U.S. Central Command (such attempts have yet to meet with due understanding, from Washington's viewpoint, in the Arab world); and, possibly, some others.

In resorting to such irresponsible tactics the imperialist forces are manifestly playing with fire for the political rheostat which would permit Washington, for example, to raise or lower tension in this part of the world or the other as it wished has yet to be invented. Life urgently

demands that the world community facilitate by practical action not the incitement but the urgent unblocking on a political basis of all regional conflicts without exception.

In order to advance the cause of a political settlement of regional conflicts and crisis situations, many of which, the Arab-Israeli or, as it is still called, the Near East conflict, for example, have for a number of decades represented a powerful delayed-action bomb placed beneath the entire system of international relations, the world community should be renewing its approaches to the accomplishment of this task. The key to this renewal is provided by the new thinking, which the Soviet Union has not only made the basis of its foreign policy but suggests be introduced in international relations at the global level.

The essence of this thinking consists of the idea advanced by V.I. Lenin even concerning the indisputable priority of values common to all mankind over the interests (wrongly understood, particularly) of states and classes and over ideological considerations. Whence one further important postulate: the security of this state or the other cannot be ensured thanks to an infringement of the security of other countries and the interests of other peoples. Security may only be general and constructed on the basis of maximum consideration of the genuine interests of both the countries and peoples which are immediately involved in a conflict and other members of the international community. The experience of past decades testifies convincingly that military force and the armed suppression, for example, of the popular passion for freedom are powerless before this passion.

Thus it is a "balance of interests," and not "balance of forces," which not only is moving but has in practice already moved toward the forefront. It is on the basis of a search for a concurrence of interests and the balance thereof that all countries, and, possibly, the great powers primarily, should attempt to realize their international responsibility.

Given the current state of affairs, achieving the total harmony of interests of the parties to a conflict is, naturally, difficult, if possible at all. But we need to look for and need to consider to the greatest extent possible the interests of all parties and attempt to bring them to some common denominator. Essential for this primarily is the readiness of actual and potential participants in regional conflicts for rational compromise in the name of the highest interests of the nation and for the solution of contentious questions peacefully by way of impartial dialogue. The conviction that a policy of national reconciliation is designed to play a decisive part in the removal of regional conflict situations is gaining strength in the world increasingly.

The Soviet Union is a supporter in principle of such methods of the settlement of regional conflicts. It is very important that Western leaders also attempt in this

connection—inasmuch as the bulk of regional conflicts and crisis situations is occurring in the “third world”—to rid themselves of the mentality and ideas which took shape in them in colonial empire times. As long as the West views the “third world” as a sphere of its influence, centers of tension will persist and new “flash points” will emerge.

However, the positive role which Western countries could perform in the settlement of regional conflicts and crisis situations cannot be confined to a renunciation of the clichés of the times of colonial thinking. As experience shows, their joint or, at least, parallel actions with the Soviet Union could make a considerable contribution to stabilization of the situation in this part of the world or the other. It is not and cannot, of course, be a question of the imposition on the countries which are party to this conflict or the other of decisions agreed, for example, by Moscow and Washington without regard for these countries' legitimate interests. But the Soviet Union and the United States undoubtedly could create the conditions the most conducive to the optimum compromise and to dialogue between the parties to the conflict being found. In any event, in those as yet very few instances, unfortunately, when the USSR and the United States have engaged in joint action in this field, there has been a positive result, as a rule. It was not fortuitous that M.S. Gorbachev appealed in his book “Perestroika: New Thinking for Our Country and the World” to the American leadership for a “search together for ways of solving problems of the ‘third world’.”<sup>3</sup> The organization of peace conferences, support for the peacemaking efforts of regional (of the Contadora Group type) and international organizations and so forth, for example, merit particular attention among such ways.

An important and undoubtedly positive part in an improvement in the atmosphere in the area of conflict situations could and should be played by such a universal world organization as the United Nations. The Soviet Union actively supports an enhancement of the role and efficiency of the mechanisms within the framework of this organization which already exist, which are frequently inoperative or which are used insufficiently, including the International Court, arbitration procedures, personal representatives of the UN secretary general, institutions of military observers, UN armed forces and others. At the same time we can hardly confine ourselves to an increase in the results from the activity of the existing mechanisms. The question of new mechanisms and procedures is a serious point on the agenda also. For example, in the sphere of assistance to the solution of regional conflicts a significant contribution to an improvement in the international atmosphere could be made by realization of the Soviet proposals concerning the creation under the aegis of the United Nations of a mechanism of wide-ranging international supervision of the military situation in conflict areas and the formation of a UN naval force for operations in the Persian Gulf and, possibly, a number of others.

However, coming to the fore upon implementation of all these ideas are questions of the practical cooperation of the great powers based on a combination of scrupulousness and realism, consideration of the interests of all those with any connection with this conflict or the other and constructive interaction with all parties to the conflict situation. This is all the more necessary in that the adoption of most important decisions by the UN Security Council is impossible without the consent of the great powers. All this explains the fact that never before, perhaps, at Soviet-American negotiations at all levels, at the top level included, have regional problems been examined so extensively and in such depth, their discussion had such an efficient, practical thrust and as much time been devoted to them as in recent months. In the course of the negotiations, E.A. Shevardnadze, member of the CPSU Central Committee Politburo and USSR foreign minister, has observed, different properties in the Soviet-American discussions of these complex and acute problems and a different level of “interest in finding a common basis for possible joint or parallel action”<sup>4</sup> have emerged, although it is far from always possible to talk about a convergence of positions. Nonetheless, in the course of an intensive exchange of opinions understanding has been reached on the fact that the purpose of the dialogue between the USSR and the United States on the development of the situation in conflict areas should be to help in the search for peaceful solutions contributing to the independence, freedom and security of the countries of the region.

To bring to a close the period when the great powers, both in the United Nations and outside of this organization, did not so much cooperate in an improvement in the atmosphere in conflict areas as, unfortunately, compete, frequently bringing the degree of intensity of the situations to the verge of global confrontation, it is essential to cast aside the old clichéd thinking and to cease to regard events in the “third world” primarily from the viewpoint of the antagonism of the two systems and the Soviet-American confrontation. The danger of such thinking is primarily the fact that, given this approach, this regional conflict or the other is condemned in advance, as it were, to as high a degree of confrontation as you like.

The preparation and signing of the Geneva Afghanistan agreements representing a package of the specific and balanced commitments pertaining to the achievement of a political settlement of the situation concerning this country of all the sides which took part in the negotiations and signed the agreements are a worthy example of a responsible and considered approach to the problem of a settlement of regional conflicts and crisis situations. Their main content is noninterference in the internal affairs of Afghanistan and the withdrawal of Soviet forces from this country and their mutual state of balance. In addition, participating as intermediaries and official guarantors in a settlement of the Afghan problem, the USSR and the United States thereby have every

opportunity to set a precedent of the constructive interaction so necessary for an improvement in international relations as a whole. Much will now depend on scrupulous compliance with the agreements which have been signed.

However, the practical realization of the Geneva agreements is proceeding, unfortunately, far from as it should. Whereas the Soviet and Afghan sides have from the very first day that these agreements came into force abided strictly by their commitments, it has to be stated, unfortunately, that the Pakistani side has taken the path of flagrant violation of the documents which it signed. Pakistan has not suspended arms supplies on a broad scale to the extremist groups, is endeavoring to circumvent a number of other commitments which it assumed pertaining to a halt to interference in the internal affairs of Afghanistan and is also continuing to place obstacles in the way of the return of Afghan refugees to their homeland. Particular responsibility for this is borne by the United States also.

Nonetheless, the signing of the Geneva Afghanistan agreements has not only afforded a historic opportunity for ensuring peace and prosperity for the Afghan people and a normalization of the situation in the region but has also specified and visibly demonstrated the possible ways and methods of solving other regional conflicts by political means. In the course of the process of the search for ways of a settlement of the situation connected with Afghanistan such important ideas as national reconciliation as the basis of such a settlement, the formation of a coalition government and a number of others were put forward and are being practically embodied in specific actions of the Afghan Government.

History barely knows of examples of conflicts the basis of which have been acute internal contradictions reaching a state of civil war at times culminating in a compromise between the contending parties. But the idea of national reconciliation, which is finding ever increasing support, provides for precisely such a solution. It is gratifying to note that the trend toward the cultivation in this form or the other of the conditions for national reconciliation is blazing a trail for itself not only in Afghanistan.

The meetings and negotiations between Hun Sen, chairman of the People's Republic of Cambodia Council of Ministers, and Prince Sihanouk were an important move en route to the placement of the Cambodia problem in the plane of a practical solution.

The first step toward mutual accommodation has been taken in Nicaragua also. Sitting down to direct negotiations in the small Nicaraguan community of Sapoá on the border with Costa Rica, representatives of the Sandinista leadership and the so-called "Nicaraguan Democratic Resistance" or, simply put, the Contras succeeded in reaching agreement on a temporary cease-fire and the solution of a number of other problems and

came to an arrangement on, specifically, a continuation of the negotiations for the purpose of signing a final armistice agreement. Aside from all else, the Sapoá accord in fact signifies recognition of the legitimacy of the Sandinista government in Nicaragua even on the part of the Contras. It is particularly significant that the agreement was reached under conditions where Washington's entire Central America strategy has revolved around the idea of the ouster of the Sandinista government militarily. And this despite the fact that in his message to R. Reagan Nicaraguan President D. Ortega pointed out plainly that the main goal of the Sandinista revolution was the achievement of democracy and respect for the people's free expression and that power in Nicaragua could be handed over to the opposition if a majority of the people voted for this.

Certain positive changes in the field of a search for new forms and methods of a political settlement have emerged even in Southern Africa. An example is the policy being pursued by the Angolan Government of the achievement of national harmony and pardon for the participants in the UNITA puppet grouping who voluntarily give themselves up to the authorities. The policy of a settlement of the conflict in the region by political means was supported by the leaders of the "front-line" African states at their meeting in Lusaka in March 1988. Among the Angolan Government's important initiatives aimed at the search for compromise solutions are both the consent which it announced last year even, as an act of good will, to the withdrawal of Cuban subunits from the south of the country and the abridgment, following coordination with Havana, of the timeframe of the withdrawal of the Cuban contingent, in the event of a general settlement being reached, from 3 years to 2.

An important stage en route to an improvement in the situation at the other end of the African continent was the decision concerning the restoration of diplomatic relations between the People's Democratic Republic of Ethiopia and the Somali Democratic Republic. For more than 10 years the Somali-Ethiopian conflict had been a principal sore point of the continent, creating a nutrient medium for a whole number of conflict and crisis situations. All the more important is the agreement which was reached, which may with every justification be seen as yet another manifestation of the new political thinking increasingly making itself felt in international affairs.

Recent events in the Near East, primarily the Palestinians' mass protests on the territories which Israel occupied in 1967, have once again placed at the center of attention of the world community problems associated with the Arab-Israeli conflict—the longest regional conflict in the postwar world. The heat of the tension here, which is not abating, is having a negative effect on the international situation as a whole. But the emergence of some new trends, positive, as a whole, have also to be seen in the development of events surrounding this conflict. An understanding, for example, of the need for

an immediate, all-embracing political settlement of the Arab-Israeli conflict with regard for the genuine interests of all countries and peoples involved therein is taking root increasingly deeply in the consciousness of the world community. And if all the parties concerned display a reasonable approach, if the principles of the new political thinking become a part of the fabric of politics and diplomacy in the Near East and if a constructive search for mutually acceptable solutions of the existing problems comes to replace confrontation, it may reasonably be expected that in this region of the world also there will be a move in the direction of the establishment of a just and lasting peace.

Confirmation of this is the growing support for the idea of an international Near East conference under the aegis of the United Nations as the sole realistic means of such a settlement. The promising processes have been expressed in the unanimous support for this idea on the part of Arab countries, West European states and various influential international organizations, which advocate the speediest convening of a conference involving the five permanent members of the UN Security Council and all parties directly concerned, including the PLO as the sole legitimate representative of the Palestinian people. Support for such a conference was also expressed by the vast majority of states at the UN General Assembly 42d Session. It should be noted also that the Moscow summit made it possible to affirm a convergence of the parties' positions on the Near East and recognition of the need for an international conference and realization of the provisions of the corresponding UN resolutions.

Although the United States is no longer openly opposing a peace conference, it is attempting to invest it, to judge by everything, with its own content, which is far removed from an aspiration to a genuine settlement. And a distinctive split on the question of the attitude toward a peace conference has emerged in Israel itself. Prime Minister Y. Shamir and his supporters reject out of hand the mere possibility of discussion of the question of the convening thereof under any circumstances, whereas Foreign Minister S. Peres and the circles backing him are in agreement with the idea of a peace conference, although are imposing their own interpretation of the nature and purposes thereof, attempting to turn it into a kind of ceremonial "umbrella" to cover separate deals. In any event, the atmosphere for vigorous efforts aimed at a cardinal political settlement of the conflict is now more propitious than it has been for a whole number of years.

Of course, it may hardly be maintained on the basis of all this that the new thinking is advancing in a broad front and paving a way for itself with equal success in all directions in the matter of a political settlement of regional conflicts. No symptoms of serious changes for the better can as yet be seen in Iran-Iraq relations and the Persian Gulf region. On the contrary, both the "war of the cities" and the "tanker war" are assuming ever increasing dimensions, which is leading to newer and

newer human casualties and material losses. As before, the blood, of children, women and the elderly included, is also being shed in many other parts of the world in which there are regional and internal conflicts. However, something else has to be seen also: the introduction in international life of the new thinking, however gradual it may be, however slowly it is proceeding and whatever obstacles have to be surmounted on this path, is already bearing fruit and contributing to the creation of more propitious conditions for a political settlement of situations which could engender serious dangers for the future of our civilization.

Speaking of the new political thinking and the part which it could play in the settlement of regional conflicts, it is essential to bear in mind not only ideas and actions aimed at solving the conflict and crisis situations which exist in today's world. It is extremely necessary today even, it would seem, to pose the question of a kind of prophylactic against and prevention of the mere possibility of the outbreak in the future of regional conflicts in this part of the world or the other, bearing in mind particularly the fact that such conflicts assume ever increasing dimensions with every succeeding year, lead to ever increasing casualties and could entail increasingly severe consequences of a global scale. The most striking example of this is the Iran-Iraq war. The use in such conflicts of modern types of weapons of mass destruction, chemical included, and in the future, biological and nuclear weapons, possibly, could create a perfectly real threat to millions of people frequently far away from the countries involved in the conflict.

The need to forestall such a situation representing a global danger requires the immediate elaboration of serious practical steps on an international scale. A positive role in this plane could be performed, it would seem, by the agreement by the great powers—with the enlistment also, possibly, of certain other countries which display an interest in this—of certain principles of behavior precluding the possibility of the escalation of existing regional conflicts and crisis situations and impeding the emergence of new ones.

Together with a firm undertaking to abide strictly by the generally recognized principles of international law pertaining to existing conflicts, this kind of "code of conduct" in regional conflict situations could also incorporate specific provisions like recognition of the need for the settlement of conflicts and crisis situations exclusively by political means based on compromise and with maximum consideration of the legitimate interests of all countries involved therein; renunciation of the export of revolution and counterrevolution and actions aimed at destabilizing the internal political situation in countries which are party to the conflict; renunciation of the creation of new bases and other military facilities on the territory of the developing countries (in the zone of which such conflicts occur, as a rule) and the deployment there on any pretext of any systems of weapons of mass

destruction; renunciation of an expansion of the operational zones of the military alliances—NATO and the Warsaw Pact—attempts to enlist developing states therein; the elaboration of specific methods for stimulating the possibilities and the mechanism of the United Nations for the purpose of the settlement of regional conflicts and crisis situations; the more active enlistment in an improvement in the atmosphere in crisis areas of African, Asian and Latin American regional organizations such as the Islamic Conference Organization, the OAU, the OAS and the Arab League. Such a “code of conduct” could also incorporate many other provisions concerning, for example, renunciation of the practice of declaring others’ territory zones of one’s “vital interests” and establishing or preserving their spheres of influence on this “basis”.

Of course, it is not and cannot in this case be a question merely of the organization of lengthy negotiations for the sake of the formulation of, possibly, one further document not all that binding on the great powers.<sup>5</sup> Such a code could evidently represent a set of principles of the great powers’ behavior in the international arena reflecting their approach to regional conflicts on the basis not of a balance of forces but a balance of interests, interests not only of the corresponding great powers, what is more, but of the parties to this regional conflict or the other themselves. And it is by no means necessary for this set of principles to be formulated in a separate document specially adopted by this state or other or the international community as a whole. It could, for example, be incorporated as an integral part in bilateral or multilateral declarations or other documents of a more general nature, including those adopted by the United Nations or other international organizations. Such an approach would make it possible to gradually extend the list of states proclaiming their devotion to principles limiting the prospects of the development of regional conflicts to global proportions and contributing to their settlement on a political basis.

There is no doubt that there are still many obstacles in the way of realization of the possibilities associated with the new thinking of a political settlement of regional conflicts and the timely prevention of new ones. But mankind can no longer approach a solution of these problems with the old yardsticks. The zero-sum game theory, according to which one party’s loss is balanced by the other’s gain, can no longer serve as even theoretical grounds for action.

In today’s world a situation has taken shape where in the event of the settlement of regional conflicts and crisis situations all parties would gain. Equally, they would all lose if the development of a conflict situation in this region or the other were to be a kind of detonator of global confrontation. Recognition of this insistently demands the speediest settlement of regional conflicts and crisis situations on a political basis by way of collective efforts. Immediately, where possible. Where

this requires specific conditions, gradually. The new political thinking affords extensive additional opportunities for the realization of this important and noble goal.

#### Footnotes

1. PRAVDA, 10 April 1988.
2. KOMMUNIST No 1, 1988, p 49.
3. M.S. Gorbachev, “Perestroika: New Thinking for Our Country and the World,” Moscow, 1987, p 198.
4. IZVESTIYA, 24 February 1988.
5. See A. Kolosovskiy, “Global Security and Regional Conflicts” (MEMO No 6, 1988).

COPYRIGHT: Izdatelstvo TsK KPSS “Pravda”.  
“Mirovaya ekonomika i mezhdunarodnyye otnosheniya”, 1988

**Concerted Anti-Terrorism Measures Urged**  
*1816000If Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 8, Aug 88 pp 68-74*

[Article by Georgiy Ilich Mirskiy, doctor of historical sciences, head research fellow of the USSR Academy of Sciences IMEMO: “Extremism, Terrorism and Internal Conflicts in the Third World”]

[Text] Extremism and terrorism are phenomena which are quite close, although there is no automatic connection between them: whereas it is true that every terrorist is an extremist inasmuch as he resorts to the most extreme methods of struggle, it would be wrong to assume that each extremist is a terrorist. Of course, extremism as a particular frame of mind logically leads to a justification of terror, but by no means necessarily reaches this point. As far as armed conflicts are concerned, they cannot necessarily be considered a manifestation of extremism: it happens that under pressure of a variety of circumstances forces not professing extremism in policy come into conflict between themselves.

Nonetheless, there is something common making it possible to view all three different phenomena in a single plane: violence and an endeavor to impose one’s position on an adversary by force or to suppress him even to the point of annihilation; rejection in principle of the idea of compromise and the search for a solution of a contentious problem by way of a concordance of viewpoints. The political extremist in the true meaning of the word is a person who believes only himself to be right, is convinced of the justice only of his position and does not accept the arguments of an opponent in principle. Such an approach is characteristic not just of extremists alone, of course, but it is unfailingly and always a characteristic of the latter.

All three of these said phenomena have been known since time immemorial. No era has escaped violence and bloodshed. But compared with, say, the 19th century, the 20th century has brought with it something new: terrorism not only from "below" but also from "above"—state terrorism going as far as concentration camps and genocide; purposive, conscious terror against the peaceful population, including hostage-taking and so forth. There were elements of all this earlier also, but on a mass scale this phenomenon is typical precisely of the present century.

Revealing the roots of the so extensive spread of violence in our time is the task of history and social psychology. The fact remains that society is not becoming more humane, tolerant and gentle or, as we are accustomed to say, "more aware" in line with economic and social development, successes of the S&T revolution and progress in health care and public education. Together with the growth of crime, in gangster-mafia forms included, political violence nurtured by extremism is becoming widespread.

This is characteristic by no means merely of the Third World. Extremism in so-called civilized countries also is growing, and conflict potential, be it the terrorist activity of the "Red Brigades" in Italy, the Basque separatists in Spain and Corsican separatists in France and of Catholic and Protestant extremists in Northern Ireland or the as yet bloodless, but dangerous confrontation of the Walloons and Flemings in Belgium, is increasing.

Leaving aside social extremism unconnected with national problems (ultraright and ultraleft groups), nationalism should be recognized as the principal, most striking factor engendering political violence. This phenomenon has proven far stronger than might have been supposed. Josip Broz Tito said sometime in the 1970's, when nationalist sentiments had begun to appear in Croatia and other republics of Yugoslavia, that had anyone predicted at the time of the war for liberation that 30 years later Yugoslavia would be having to contend with the problem of nationalism, such a person would merely have been laughed to scorn—but nationalism had become a fact.

This phenomenon is characteristic of the Third World to a far greater extent, of course, than of Yugoslavia.

In speaking of the problem of nationalism in Asia and Africa we have usually meant the anti-imperialist nationalism of peoples freeing themselves from the colonial yoke. The "progressive nationalism" of the oppressed became the banner of the liberation struggle, and independence was won under its slogans. And certain conflicts in the Third World still have as their basis precisely such nationalism, that is, an endeavor to be rid of foreign domination and acquire national independence. The most striking example is the struggle of the Palestinian Arabs against the Israeli occupation. But national-ethnic

conflicts of a different kind, whose essence is the discontent of national minorities within a sovereign multinational state with their subordinate, unequal status, which suffers from discrimination, have now become preponderant in Asia and Africa.

The uprising of the Ibo people in Nigeria, which developed into a real war following the formation of Biafra; the long, incessant wars of the Kurds against the Iraqi and Iranian authorities; the separatist movements of the non-Arabic-speaking tribes in Southern Sudan and the Tamils in Sri Lanka; the long discord and conflicts between ethnic groups in Rwanda, Burundi, Kenya and Zimbabwe; the wars of the Western Saharans against Morocco and of the Eritreans against the central government in Ethiopia; the uprising of the Bengalis in Pakistan which led to the formation of Bangladesh; finally, the exceptionally complex, explosive ethno-linguistic situation in India engendering conflicts which are a danger to the country's integrity—all these are merely the best-known and most pronounced such conflicts.

To these should be added conflicts on religious grounds. It is sufficient to mention the situation involving the Sikhs in India and the multilateral conflicts in Lebanon. In a certain sense such conflicts also may be regarded on a par with national-ethnic conflicts. After all, in both instances it is a question of the problem of self-assertion, self-identification—finding one's own distinctive character and place in a world of ethnic or religious groups which had previously been "cooked" in the common colonial pot and had made common cause with those akin to themselves in joint protest against colonial oppression, but which subsequently, within the framework of an independent state now, have felt themselves done out of it. There arises in them a kind of "persecution complex," which may be removed only by way of self-assertion, which almost always presupposes a struggle against other groups which have in the new state occupied a dominant or, at least, privileged position.

Economic motives are frequently the basis of this complex. The point being that the relative significance of certain groups in the national economy is far from always adequate to their sociopolitical status. Thus the Ibo in Nigeria and the Sikhs in India may with sufficient justification consider themselves more developed economically (as, equally, culturally and educationally) compared with other groups, and, correspondingly, the economic contribution of the Ibo and Sikhs to the "common purse" is greater in proportion to their numbers than that of their neighbors. However, this does not give them, they believe, equivalent political positions, they are also insufficiently represented in the machinery of state, in their opinion, and so forth. On the other hand, some ethnic or religious groups may view with envy and malice others which are richer, better educated and more dexterous and skillful in the commercial and, in general, business respect and which avail themselves of long-established connections and traditional "specialization" to consolidate their monopoly position in this



sphere of economic life or the other. This is noticeable, for example, in Muslims' attitude toward Christians in Lebanon or in the complex relations of individual peoples in India and Pakistan.

## II

There is one further important factor connected with the legacy of the colonial era. The point being that the colonizers gave preference, as a rule, in the system of their control of the country to some local groups to the detriment of others. In the process of the "transfer of power" the privileged status of the first was preserved, which could not have failed to have engendered protest on the part of the second. This can easily be seen, in particular, in the example of the recruitment of armed forces and the local police.

Thus in British West Africa the officer body of the Royal Frontier Force was made up, in the main, of representatives of the culturally most developed population of the southern coastal areas of Nigeria and Ghana, whereas the rank and file were recruited in the backward northern areas. By the time of the achievement of independence 92 percent of officers in Ghana came from the coastal areas (from the Ibo, in the main), and 62 percent of the rank and file, from the far north. There were virtually no Kikuyu in the rank and file in Kenya since the majority of the fighters against the colonialists came from this people, and the British did not recruit them as soldiers. The proportion thereof in the police was not even one-tenth. In Uganda the percentage of soldiers from the most populous tribe, the Buganda, was negligible. By a tradition going back to the times of the British Raj the dominant positions in the armed forces of Pakistan have been held by Punjabis. Similar instances may be cited upon an analysis of the makeup of the machinery of state in the said countries.

All this could not have failed to have evoked friction and tension. Yet in our scholarship, with its emphasis on the role of the class factor, the internal ethnic and religious heterogeneousness of the Asiatic and African peoples remained in the background. Indians, Syrians, Kenyans, Nigerians and other peoples were viewed as a single whole, as it were, in this plane, and the emphasis was put on class contradictions. However, in real life Indians, for example, appear as such merely to the outside world, but within their state they view one another primarily as Bengalis, Marathas, Tamils and so forth, then as the representatives of this caste or the other, and only then come class differences. The Arabs, if it is not a question of pan-Arab solidarity in the face of an enemy, see one another as a Syrian or Egyptian, Iraqi or Lebanese, Copt or Sunni, Shi'ite, Alawite and so forth. Things are even more complex in Tropical Africa with its multitude of peoples and tribes.

Relations between all these ethno-national and religious groups are frequently far from idyllic. So it was before also, but following the achievement of independence,

these relations became exacerbated to a tremendous extent. After all, the "place in the sun" which had previously belonged to foreigners appeared: a machinery of state is formed, local business grows, a bourgeoisie takes shape and, finally, a process of the formation of their own professional classes develops rapidly among peoples and ethnic groups previously lacking such altogether.

Particular mention should be made of the last point: it is the professionals, including the students, who are growing rapidly in terms of their numbers, who are usually the exponent of national ideology. The following chain, for example, is typical. The native language is cultivated and enriched, ancient traditions are preserved, restored and multiplied and the historical and cultural achievements of a given people or group are emphasized. Educated people lay claim to suitable places in the organs of administration and in the education sphere, but the number of such places is, naturally, limited. Pretensions and ambitions grow, grievances accumulate and every conceivable complex intensifies. The most energetic, dynamic and active part of an ethnic or religious group (the educated youth, as a rule) demands radical solutions. Movements arise which set as their goal the achievement for this group of a higher status within the framework of the statewide hierarchical system.

However, in the way of the realization of the aspirations of these movements and groups stands such a difficult and most often practically insurmountable obstacle as authorities which are authoritarian by nature preventing pluralism and a real opposition. Conditioned by historical and traditional factors and circumstances connected with the need for accelerated modernization, authoritarianism consolidates and firmly establishes the domination of particular groups to the detriment of others which are virtually deprived of legal opportunities for changing the existing system, which is unjust from their viewpoint. The transition of the opposition groups and currents to violent, "subversive" and "unconstitutional" methods of struggle and tactics of conspiracy and revolution would seem perfectly logical. Inasmuch, however, as removing the government without the participation of the armed forces is almost impossible, every effort is made to take advantage of the discontent of part of the army and the police. The role of the military under these conditions invariably grows, and it finds itself at the center of social and political life, and the role of political violence also grows accordingly.

Thus is an atmosphere created in which there are few people who hold out hope for the possibility of bloodless, constitutional change. A toughening of the political temper occurs. Everyone knows that, having uncovered the opposition's "subversive activity," the government will crush its adversaries without any leniency and, when it has the chance, will not shrink from fabricating a "conspiracy" to rain down on the opposition the whole might of repression; the opposition forces would pay in



the same coin were they to overthrow the government. "In African political life," London's *THE ECONOMIST* wrote, "winner takes all—such is the rule. Second prizes are just as rare as balanced budgets. The vanquished most often either bend the knee or are clubbed down."<sup>1</sup>

By the mid-1980's some 56 successful and 65 unsuccessful military coups had been carried out in Tropical Africa, and from 1948 through 1985 some 68 heads of state and government had been forcibly removed, including 20 assassinated or executed. Each coup means not only a change in the elite and ruling upper stratum but also a replacement of the machinery, maybe not wholly but to a considerable extent. The new leaders pull "their people" with them, plant them in cushy niches and ensure the predominance in all echelons of power of representatives of their ethnic group or clan.

Patron-client relationships are prevalent everywhere, and where the ethnic affiliation factor plays no part, it is such relationships which are the leading component of political struggle. People follow the "boss," frequently having a poor grasp of his program, aims and positions.

Characteristic in this respect were the bloody events in South Yemen in January 1986. The thousands of people who died in a few days of internecine strife exceptional in its brutality belonged to one and the same people, identical classes and strata of society and one and the same party, had been trained in the same educational institutions and held identical views. There were neither national, religious nor class differences. The division had occurred in accordance with the principle of personal devotion and loyalty in relation to this "leader" or the other, and this sometimes (but not always) coincided, what is more, with traditional intertribal relations and was connected with the province in which the leader of the given grouping was born. Prior to the start of the fighting it was known perfectly well whose side this military unit or party organization or the other was on and whom it supported—Abd al-Fattah Ismail, Ali Nasir Muhammad or Ali Antar. There were political differences among the three leaders, of course, and there were differences in their views on the ways and methods of the development of society and the building of socialism. However, it is hardly likely that the majority of those who drove the tanks and flew the aircraft and fired in the streets from machineguns understood such disagreements all that clearly. It was merely known primordially that the right cause was represented by "their" boss and that his opponents were enemies (enemies of the revolution, of socialism). And with equal conviction as to the soundness of their cause the young soldiers and party workers wiped each other out on Aden's streets.

### III

Thus it may be concluded that oriental society is literally imbued with latent, potential conflict—in national-ethnic, religious and patron-client soil. It is this latent

tension, which constantly threatens to come to the surface, creating a permanent atmosphere of a violence which is ready to erupt out of control, which is at the basis of the extremist frame of mind which easily develops into the practice of terrorism. Of the three components adduced in the title of this article—extremism, terrorism and conflicts—the original, underlying factor and leading link in this chain is precisely the latter—the conflict potential rooted in the very nature of society; extremism and terrorism are derivative factors.

Conflict potential, which is organic, has its roots in tradition and is based on long-standing tribal, religious and clan hostility, is increasing immeasurably, acquiring a new property and becoming more menacing as a result of the processes which have developed since the winning of independence and which have led to society's profound disenchantment with the results of independent development. The "revolution of rising expectations" and "revolution of disappointed hopes" are engendering grievances, bitterness, political apathy and cynicism and, among part of the population—the active youth particularly—extremist moods.

A correspondent of Paris' *LE MONDE* writes about Africa: "What kind of respect for the constitution and human rights is there in the majority of African countries, where tribalism and nepotism reign. Political power has been usurped; the inhabitants, powerless and indifferent, watch clans' bloody wars and a cascade of coups, seeing no in any way profound reform.... The word 'development' has a hollow ring; corruption and a black market." Switching to the subject of the prevalent disposition in Africa toward violence, the journalist continues: "A simple cry of 'Stop thief!' and 'Help!' is sufficient for the crowd, to a man, to hurl itself at the suspect and lynch him if the police are not in time to protect him...."<sup>2</sup>

It is impossible to foresee when the wave of violence will begin to abate. A long period of development of social institutions and the formation of a civic society will evidently be needed for this. The pace of this process will depend to a tremendous extent on the rate and nature of economic development, which, in turn, is connected with the state and dynamics of the world economy, the international situation and so forth. In any event, it would be naive to expect in the foreseeable period, even if there is a cardinal improvement in the situation along "East-West" lines (primarily between the USSR and the United States) and the world enters an era of deconfrontation and disarmament, that this would be reflected, immediately even less, in the nature of internal social relations in the Third World. Violence will evidently for a long time to come be an inalienable component of the political life of developing countries, and there is little that the outside world is capable of doing in this respect.

At the same time there is an aspect of the problem in respect of which something may be done. It is a question of international terrorism, more precisely, the component thereof whose source are internal conflicts in states

of the Third World or situations connected with the national liberation movement. Without beating about the bush, considering that such terrorism could in the future, given its relative impunity, spread like wildfire, reach the point of the use of nuclear devices and be turned against USSR citizens also (we recall the seizure as hostages of Soviet diplomats in Lebanon), it would be correct, I believe, to adopt a position of its unreserved condemnation, even if this is reflected for some time in our image among the left, revolutionary movement in the Third World.

It is time to abandon our settled position emanating (by analogy with the concept of just and unjust wars, evidently) from the proposition concerning the need to make a distinction between the violence which is born of national or social oppression and that which is perpetrated by the ruling classes or powers. This proposition is in itself correct, but to the extent that it is a question of wars, uprisings and revolutions, but not, however, of terrorist activity. The time has now come to give thought to the salvation of mankind, and not only from thermodynamic catastrophe, what is more, but from many other disasters also. Among these disasters is the threat of international terrorism.

After all, we could in time be witnessing groups of schoolchildren, if not kindergarten, being taken hostage—precisely for the purpose of demands being met for certain: what government could allow itself to be accused of sacrificing children's lives for the sake of a principle?

If our country proclaims the proposition that in our time interests common to all mankind should take precedence over all others, class included, it is logical to extend this approach also to the problem of combating terrorism, regarding it as an epidemic which needs to be cured by the joint efforts of the parties concerned, including our fundamental ideological enemies.

The purpose of the foregoing brief analysis of the factors engendering conflict potential and the mentality of violence and extremism in the Third World was to show that these phenomena are of a long-term nature and will not be quickly eliminated and that they will inevitably give rise time and again to terrorism, which in our time crosses state frontiers and threatens the safety of innocent people in the most diverse parts of the world. Believing that the resorption of this specific interstate or intercommunal conflict or the other and the elimination of the "flash points" which exist in the world currently will lead to international terrorism being reduced to nothing is, I believe, a dangerous illusion.

The place of some conflicts will be taken by others; new "flash points" will inevitably appear. After all, the Third World is seething and experiencing a period of chronic instability and painfully contradictory development and formation. People fighting for the self-assertion of their community and the ouster of a regime which they believe

to be unjust and oppressive (and there will be an abundance of such situations arising in the Third World subsequently also) will in many cases stop short at nothing to achieve their goals, including terrorism on an international scale. We may sympathize with these goals, but if we fail to give thought ahead of time to concerted measures—also on an international scale—to put a stop to the wave of terrorism, particularly in our time, when the possibility of concealing in suitcases and attache cases not simply bombs but nuclear devices also will shortly appear, the consequences could be catastrophic.

#### Footnotes

1. THE ECONOMIST, 30 January 1982, p 57.
2. J. de Barrin, "Le retour des sorciers" (LE MONDE, 11 December 1987).

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

**X-Ray Laser Weapon Data Reported Falsified**  
*18160001g Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 88 pp 75-80*

[Article by Stanislav Nikolayevich Rodionov, candidate of physico-mathematical sciences, head of a department of the USSR Academy of Sciences Space Research Institute, member of the Committee of Soviet Scientists in Defense of Peace, Against the Nuclear Danger: "The X-Ray Laser: Weapon or Bluff?"]

[Text] The Livermore National Laboratory (LNL)—one of two centers in the United States where nuclear and thermonuclear weapons are developed and manufactured—has come to be mentioned frequently in recent months in the American press in connection with several unusual circumstances. At the insistence of a group of congressmen headed by the Democrat George Brown, member of the House of Representatives from the state of California, a government investigation began at the LNL. The activity of the GAO inspectors was aimed primarily at ascertaining a delicate question: how far from the truth were the numerous reports on the state of affairs pertaining to the development of a nuclear-pumped X-ray laser which had been fed the administration, including the President himself, by two scientists—Edward Teller and Lowell Wood.

There is no need for a detailed portrayal of E. Teller—a founder of the laboratory who has reserved for himself the title of its honorary vice president. The mass media have firmly implanted in Americans' memory the idea of him as the "father of the hydrogen bomb". It is no secret

that he has considerable influence on President R. Reagan on more than just purely scientific matters. As a spokesman of the White House staff declared, "Teller is part of the group of the President's scientific advisers, and this says it all."

L. Wood is a favorite of Teller's. At the LNL he is in charge of a special laboratory consisting of "young geniuses" developing the latest ideas, from optical computers through underwater laser communications.

These scientists are united on the one hand by a belief (outwardly, at least) in the extensive possibilities of the use of the nuclear-pumped X-ray laser for military purposes. On the one hand they are both prepared for the achievement of their life's goals to make use of all accessible methods and means, not spurning, where necessary, slander even. Thus on Teller's conscience is the punishment meted out to Robert Oppenheimer, following which his reputation in scientific circles sank very low and will hardly be restored. So big a campaign cannot yet be attributed to Wood, but his way of fighting his scientific opponents can in no way be called gentlemanly. There is a telling utterance from Nobel Prize winner Hans Bethe, who many years ago worked with Teller on the thermonuclear bomb project and is now familiar with the LNL's work as a consultant: "These two—Teller and Wood—have always had a propensity for making unwarranted statements."<sup>1</sup>

In recent years the very phrase "X-ray laser" has when served up by the most active SDI supporters become synonymous with a superweapon capable of deciding virtually single-handedly the fate of enemy missiles which dare to attack the territory of the United States. It has gradually dawned on the U.S. scientific community at large that it was Teller who exerted the decisive influence on Reagan, persuading him of the possibilities of the X-ray laser, after which the President delivered the speech of sorry renown in March 1983 in which he announced the plans to create a global antimissile shield.

Whereas the public at large, unfamiliar with the fundamentals of laser technology, may easily take on trust the evaluation of the "father of the hydrogen bomb," particularly when he is echoed by the President, specialists have from the very outset appeared suspicious of the unrestrained optimism of the SDI supporters in respect of the prospects of the creation of weapons based on a nuclear-pumped X-ray laser. The point being that from the viewpoint of physics the X-ray laser is nothing mysterious or unusual.<sup>2</sup>

Long and thin rods of certain metals (zinc is cited, for example) could, it is believed, be used as the active medium for the X-ray laser. Upon the explosion of a nuclear primer, these rods would in billionths of a second vaporize and become completely ionized, but their shape would not have had time to have in any way noticeably changed. The completely ionized plasma would in practice ceased to be heated by the X-rays of

the nuclear explosion and would gradually begin to cool. In the cooling process there would very quickly (also estimated at billionths of a second) emerge in the plasma rod a state of inverse population, which is an essential condition for the generation of laser radiation in the soft X-ray range. But more than this is required. It is further necessary to ensure the slight angular spread of the laser beam, without which achieving significant range of elimination is impossible. In optical-range conventional lasers this task is resolved with focusing optics. But for X-rays the task of shaping a narrow beam with the corresponding focusing systems would as yet seem exceptionally complex. In the meantime the natural way amounts to the active medium having the appearance of rods several meters long with a diameter of a size approximately 10,000-100,000 times less.

Following the clearly planned "leak" on the first successful testing of an X-ray laser with an underground nuclear explosion at the Nevada test range in 1981, the American public was also familiarized with the prototype of a space-based battle station based on an X-ray laser wherein a small nuclear charge (with a yield of no more than one-tenth of a kiloton) is surrounded by a multitude of rods directed at various points in space. Therefore given a concentrated missile launch, all the missiles launched would be in the sights of one or several battle stations. Following detonation of the nuclear primer, the induced X-rays should destroy all the adversary's missiles. Just as in the old saying: "Seven slain at a stroke!"

When the physical mechanism of the action of the X-ray laser is known, it is possible without enlisting the design or technological details which, strictly speaking, are a secret to make simple assessments of the energy output and efficiency of such a device.

One of the first analyses conducted by the Committee of Soviet Scientists in Defense of Peace, Against the Nuclear Danger<sup>3</sup> showed that "the efficiency of a space-based ABM system based on X-ray lasers evokes serious doubts." In addition, as this report pointed out, the possibility of directing the rods and maintaining the set direction of orientation under the impact of the nuclear explosion is far from obvious. Misgivings were expressed also that the final development of an operational X-ray laser would almost certainly require tests to be conducted in outer space in violation of current international agreements and undertakings.

Subsequent studies conducted by Soviet and foreign scientists<sup>4</sup> specified that to ensure a range of elimination of over 1,000 km the requisite yield of the nuclear primer would have to be sufficiently great (up to 1 megaton). Moreover, the "porcupine" concept (a battle station with a multitude of operational rods aimed in all directions may from a purely visual angle be compared to this animal) proves groundless since to eliminate a single target at a distance of several thousand kilometers it

would be necessary to target against it an immense quantity of rods running to tens of thousands, that is, the station's entire combat resource.

The most competent analysis, perhaps, of the prospects of all the systems connected with the directed transfer of energy was conducted by a special group of the American Physics Society and published in 1987. This is what this analysis had to say: "The possibility of creating an X-ray laser pumped from a nuclear explosion has been demonstrated. This is a research program, in which a number of physical and engineering problems is still in the research phase. What has yet to be proven is the possibility of the creation of an X-ray laser which could be used for military purposes."<sup>5</sup>

Such doubts, as is now becoming known, began to be experienced by many of Teller and Wood's colleagues who had been enlisted in work on the creation of an X-ray laser at the LNL. A comparison of the actual picture of the progress of the work with the superoptimistic pronouncements which Teller and Wood were conveying to the President, his scientific adviser G. Keyworth (also from the LNL and a Teller protege), the defense secretary, the CIA director, the leader of the National Security Council, congressmen and so forth was the cause of a number of conflicts, which the Livermore hawks resolved to damp down by their customary methods of suppression, taking advantage of the atmosphere of secrecy surrounding the work on the X-ray laser.

But dirty linen was washed in public, nonetheless. The culprit was Roy Woodruff, former leader of the nuclear weapons development programs at the LNL. How this turned out we will see a little later, but now let us attempt on the basis of facts which have already become known to chart the course of events.<sup>6</sup>

According to Woodruff, he was persuaded for the first time that false information about the work being carried out under his leadership was reaching the highest circles of the administration back in December 1983, having completely accidentally come across a copy of a letter which Teller had sent to Keyworth, the President's scientific adviser. The letter said that work on the X-ray laser had passed beyond the research phase and that the time had come to switch to testing and engineering efforts. This claim meant that all fundamental S&T problems had been solved and that it was time to embark on the creation of a prototype of the weapon. Naturally, the level of appropriations would have to be increased sharply. Woodruff immediately requested that LNL Director R. Batzel disavow this claim of Teller's, but was turned down. "You know," Batzel allegedly replied, "that no one believes Edward and Lowell." But we all knew, Woodruff observed, that of the laboratory staff only Teller had unimpeded access to the President.

The situation was repeated a year later, but on this occasion the letters went to P. Nitze, a leading administration arms control adviser, and R. McFarlane, chairman of

the National Security Council. As has now become known, Teller promised to have created an X-ray laser weapon by 1990. And once again Woodruff was prohibited from making any amendments to these letters.

In the spring of 1985 Wood drew up an official memorandum for CIA Director W. Casey in which he maintained that the USSR-United States technology race to create an X-ray laser would decide the fate of the whole world. As Woodruff maintains, this memorandum deliberately falsified the results of underground tests of the nuclear-pumped X-ray laser.

Shortly after, Wood proposed to General Abrahamson, leader of the work on the SDI program, a demonstration test of the X-ray laser at the Nevada test range to show to the whole world the level of American technical superiority. Abrahamson turned for advice to experts from Los Alamos—the second nuclear weapons development center—but their response was sharply negative. Some time later Wood began to trouble Abrahamson once again; the latter resolved to learn Woodruff's viewpoint. It was ascertained that Woodruff was not familiar with Wood's material at all. This was the straw which broke the back of Woodruff's patience, and in October 1985 he resigned.

He had pointed out in his letter tendering his resignation that the LNL would begin to lose the trust of scientific circles because incorrect information was coming from it about the work on the X-ray laser. He observed also that if Lowell Wood retained the trust of the leaders of the administration and Congress with whom he was in contact, the situation would become far more serious.

Inasmuch as the LNL is formally under the jurisdiction of the University of California (although the appropriations are made by the Energy Department) Woodruff requested that the dean of the university look into the problem which had arisen. But the dean's office was manifestly reluctant to damage relations with the powerful forces behind Teller. Woodruff's complaint was forwarded to the Energy Department, which carried out a formal superficial audit of the work at the LNL and found nothing amiss in the activity of Teller and Wood. An assistant dean of the University of California recently explained his leadership's position in this conflict in highly original manner: "We were reluctant to infringe the legitimate rights of Teller and Wood, who, as university fellows, can say what they think necessary."<sup>7</sup>

As is customary in U.S. university circles, following his resignation, Woodruff went on annual leave. When he returned to the LNL, he discovered that he had been transferred to work which is usually given to beginners, at a sharply reduced salary. R. Batzel had allocated him a room without windows, which his colleagues immediately christened "the prison". Woodruff once again complained to David Gardner, dean of the university, but the latter refused even to see him.

And it is here that events begin which are still unclear. A copy of Woodruff's appeal to Gardner, which describes the entire foregoing situation in sufficient detail (but without mentioning secrets), turned up in the mail addressed to the leadership of the Federation of Scientists of Southern California—a public organization actively opposed to the SDI program. Woodruff himself categorically denies his involvement in this event, noting, *inter alia*, that in terms of his views he pertains more to this federation's opponents.

After some reflection, the leadership of the federation of Californian scientists decided to forward the material it had received to Congress. First, the members of the leadership believed, they were lifting the veil somewhat on the true reasons why and how the SDI program was being financed. Second, the federation leadership's decision was influenced by the description of Teller which clearly ensued from the submitted papers. As Robert Nelson, vice president of the Federation of Scientists of Southern California, declared, "a negative impression had been made on us formerly by President Reagan's speech following the failure of the Reykjavik negotiations, in which he referred to scientists' opinion concerning the possibility of the rapid deployment of a space-based ABM system. But only Teller could have advised him of this. For this reason we deemed it our civic duty to make public Woodruff's material."<sup>8</sup>

The papers were sent to G. Brown, member of the House of Representatives from California and a well-known opponent of the SDI. Events then developed rapidly. On 23 October 1987 Woodruff was giving evidence at closed sessions of congressional committees, and on 10 December G. Brown demanded that the GAO investigate the technical quality of the information which had been sent from the LNL to high-ranking members of the administration and Congress and also how the additional resources allocated for the X-ray laser program without congressional approval were being spent (it was known that after almost every Teller visit to Reagan the latter allocated the laboratory additional tens of millions of dollars). At the end of February the preliminary results of the investigation were to have been discussed at a closed joint session of the congressional committees dealing with LNL activity. According to *TIME* magazine, a full account of the results of the inspection will appear this year.<sup>9</sup>

At the very end of last year the leadership of the University of California, influenced by the scandal which had arisen, passed a decision on the unlawful nature of Woodruff's transfer to lower-paid work. He was thereupon offered the position, matching in importance his former position, of leader of the arms control agreement verification program with compensation for loss of income in the foregoing period.

So, what have we here? A "happy ending"? Yes, Woodruff was officially reinstated, but a multitude of other questions which had been raised remains.

The future of the X-ray laser program is at stake primarily. Following the decision on the GAO investigation, many LNL employees working on questions of the X-ray laser or who had worked in this field in previous years spoke out in support of Woodruff, adducing new instances of the deliberate falsification of the true picture of the progress of the work. Thus in 1985 even Woodruff's successor, George Miller, called attention to the fact that Wood was very much exaggerating the progress in the research efforts and fixing too short a timeframe for the fulfillment of individual stages of the work. When, in the fall of 1987, Wood maintained at congressional hearings that a single X-ray laser space station could wipe out almost all of an enemy's missiles, congressmen demanded confirmation from Miller. The latter replied evasively: "It is important to understand that the X-ray laser program at the LNL is as yet only of a research nature."<sup>10</sup>

A letter was addressed to Congressman G. Brown by LNL physicist Ray Kidder, who had begun work on this problem at Teller's invitation back in 1983. Within a year he had written a memo to Teller saying that creating weapons based on the X-ray laser would be very difficult, and, considering possible Soviet countermeasures, even if this were possible, they would be totally ineffective. A colleague of Kidder's, Albert (Letter), has now set up a defense technology consultative company. He has told correspondents that it is not yet clear whether the X-ray laser will work at all, let alone whether its military use will be possible. The bulk of the doubts pertains to the target search and precision guidance support systems, without which it cannot be considered a weapon, (Letter) concluded.<sup>11</sup>

Congressman G. Brown also received a call from Lowell Morgan, a laser physics specialist who had worked at LNL from 1981 through 1985. Morgan called attention to the fact that information obtained by computer had frequently been given out as the results of underground testing, but that the organizations to which reports on the work which had been done had been sent almost certainly did not know such details. Morgan added that the results of the tests which were being conducted were invariably disappointing, which had prompted him to switch to more interesting and promising work. "What disturbs me most," Morgan said in conclusion, "is the scantiness of the entire program, which manifestly does not correspond to the influence which the X-ray laser is still exerting on the disarmament negotiations. And, in addition, this program requires continued nuclear testing...."<sup>12</sup>

This also brings to mind the scandal which erupted following the test of an X-ray laser at the time of an underground nuclear explosion codenamed Super Excalibur in March 1985. Initially it had been clamorously announced that the brightness<sup>13</sup> of the laser had been increased millions of times. But the LNL's eternal rivals—the physicists from Los Alamos—maintained that the calibration of the measuring equipment had

been performed incorrectly, which had been the basis of this "success". Woodruff's successor, G. Miller, who had to disentangle this highly awkward situation, had prepared a report for the public which pointed out the objective difficulties of conducting precision measurements at the time of a nuclear explosion, but the LNL leadership prohibited the publication of this material. It later became known that Miller had in this document enumerated the tasks confronting the measuring equipment at the time of the underground test of the X-ray laser.<sup>14</sup>

- determination of the moment of commencement of generation;
- determination of total energy in the laser beam;
- determination of the radiation wave length;
- determination of the spread of the beam;
- measurement of the duration of the laser pulse.

The measurements are complicated by the fact that, first, they are made after the front of the primary X-ray from the explosion itself has passed through the equipment and, second, by the fact that this primary X-radiation induces stray radiation in the very material of the recording equipment, which could be confused with the signal from the X-ray laser.

Steve Younger, who until 1986 headed at the LNL a group designing the X-ray laser, declared that "Wood made many statements which were incorrect—I know whereof I speak."<sup>15</sup>

Many of the new witnesses in the Woodruff affair are returning to Teller's letter to Keyworth (1983), which contains the affirmation that the research phase was over. The LNL's position, incidentally, now (5 years after this event) is that a further 5 years, at least, and approximately \$1 billion will be required to learn whether it will be possible for the X-ray laser to acquire military potential.

According to T. (Postol), a staff member of Stanford University and former scientific adviser of the Department of the Navy, it was clear to specialists back in 1982 that it was a question of "an insoluble engineering problem." (Postol) observed also that if it is, for all that, ever solved, the X-ray laser will be far more suitable not as a defensive but offensive weapon.<sup>16</sup>

A second problem, which remains at the center of attention, concerns the scientist's moral responsibility to society. As G. Brown observed in his speech in the Congress, a certain level of optimism is expected and permitted in any scientific undertaking, but what Teller and Wood had been reporting to the President and also members of his cabinet and the Congress were not simply optimistic forecasts but politically motivated

exaggerations aimed at a mistaken orientation of national policy and the adoption of the wrong decisions on the financing of scientific research.<sup>17</sup>

The well-known journalist Flora Lewis was just as categorical in the NEW YORK TIMES: "There are many exceedingly complex issues on which scientific, and not political, counsel is needed for political decision-making. Distortions in this component can only harm national security in the future, regardless of advantages of the moment."<sup>18</sup>

The scientific community is paying more attention to the ethical side of the question connected, specifically, with the blow being struck at the reputation of the laboratory itself. "It is very sad when politically motivated exaggerations, distortions and simply deception substitute with impunity in a national science laboratory for scientific objectivity," many of the scientists who have spoken out subscribe to this statement by A. (Letter).

"I believe," Herbert York, the first director of the LNL observed, "that had the X-ray laser program at Livermore been conducted by Boeing or Lockheed, Teller and Wood would have been fired in disgrace long since."<sup>19</sup>

But in reality it has to be acknowledged that it is hardly the social position and reputation of E. Teller, who recently celebrated his 80th birthday, which will suffer from this business to any great extent. After all, ultimately all that Teller has done has been directed at the emergence and development of the SDI program, which the administration does not intend abandoning. In addition, Teller's powerful connections with the military-industrial complex and extreme-right political circles make his position practically invulnerable. It is with good reason that he is behaving as if nothing has happened, but continuing to speak in his interviews about the prospects of the X-ray laser as a defensive weapon.

L. Wood is a different proposition—he is keeping to the background, realizing full well that he could be a candidate for scapegoat if things come to this. The first casualty was LNL Director R. Batzel, who was retired in April 1988 after having held this important position for 16 years.<sup>20</sup> (Dzh. Naykols), for whose appointment Teller had fought fiercely, was appointed the new LNL director. Although (Naykols) advocates arms development and supports the SDI program, outside observers consider him a far more independent and stronger figure than Batzel. It is expected that he will not permit individual scientists (Teller himself even) to pass off their personal views as the viewpoint of the whole laboratory. As independent scientists see it, (Naykols) cannot be called an ideologue, and he will most likely show himself to be a leader capable of being sufficiently objective and realistic in the role of scientific adviser in the presence of the U.S. political leadership. Nothing bad has been said about Batzel, but pronouncements concerning (Naykols') possible behavior persuade us that Batzel was an obedient pawn in Teller's hands.

A third problem is connected with the atmosphere which engenders the possibility of disinformation incidents like those described above arising. In his speech in the Congress G. Brown cited several typical examples. Congress' Office of Scientific and Technology Assessment conducted a study authorized by the Congress of the part of the SDI program which is connected with software and the problem of survivability. The public summary report was to have appeared in August 1987. But the Defense Department adopted utterly absurd decisions on the classification of this report. And, furthermore, even the documents from which the department had lifted the stamp of secrecy for other studies reacquired this stamp in the report of the Office of Scientific and Technology Assessment. In addition, information obtained as the obvious consequence of certain physical laws and even information adduced at public hearings in Congress by federal employees was classified also. There can be only one explanation—the Defense Department is attempting to use the secrecy bogy to prevent open publication of material which could show the SDI program in an unfavorable light (which, evidently, corresponds to reality).

The picture was the same concerning the report of the Congressional Research Service on the problem of seismic monitoring of underground nuclear tests. This material, wholly based on unclassified information, was deemed secret by the Defense Department and cannot be released.

And, finally, the last problem ensuing directly from the foregoing: it is a question of human rights, which in an atmosphere of secrecy may be violated without hindrance. After all, what had Woodruff done that was so special? He was concerned primarily to restore his laboratory's good name. The law determines a whole set of mechanisms to monitor LNL activity, but none of them had worked to check out Woodruff's disquiet. Why for 2 years did leading figures of the University of California decline to see Woodruff? Why did the university's Scientific Advisory Committee ignore for several years the contradictory data on the progress of work on the X-ray laser? And the Energy Department also adopted a formal attitude toward verification of Woodruff's complaints and it has not, furthermore, published the report on this.

All because attempts had been made to deal with Woodruff without any fuss, with no waste of time and effort. Circumstances took shape in such a way that this did not happen. But the tendency to deal with dissidents has remained unchanged. One does not have to go far for examples, unfortunately. As the American newspapers report,<sup>21</sup> a witchhunt has begun against one further LNL employee—Hugh De Witt—whose guilt is that he, first, is opposed to the X-ray laser program and, second, does not agree with the arguments that a continuation of nuclear testing is essential for monitoring the dependability of nuclear weapons. On one of his reports De Witt received very low marks for his scientific activity, which was protested by his political opponents even. The

position of the leadership of the University of California remains contradictory on this question also. It had previously often used De Witt's name as an example of "academic freedom" at the LNL, but, as in the case of Woodruff, apparently, is unwilling to engage in any specific action. F. von Hippel, chairman of the Federation of American Scientists Foundation, sent a letter to University President D. Gardner in which he observed that if the latter "silences" De Witt, this will mean the end of any freedom of speech at the LNL.<sup>22</sup>

But the main danger is that in an atmosphere of an absence of openness far from all scientists, who are called on to provide the political leadership with objective and impartial information, will be equal to this responsibility.

#### Footnotes

1. THE SACRAMENTO BEE, 4 December 1987.
2. See "Space Weapons: Dilemma of Security," Moscow, 1986, p 38.
3. "Prospects of the Creation of a U.S. Space-Based ABM System and its Likely Impact on the World Military-Political Situation," Report of the Committee of Soviet Scientists, October 1983.
4. See "Space Weapons: Dilemma of Security," p 42; NATURE, 6 August 1987, p 487.
5. "APS Study: Science and Technology of Directed Energy Weapons," REVIEWS OF MODERN PHYSICS, vol 59, No 3, 1987, p 6.
6. See LOS ANGELES TIMES, 21 October 1987; NEW YORK TIMES, 22 November 1987.
7. THE SACRAMENTO BEE, 4 December 1987.
8. NATURE, 29 October 1987, p 751.
9. See TIME, 18 January 1988, p 52.
10. NEW SCIENTIST, 29 October 1987, p 24.
11. See THE SACRAMENTO BEE, 3 February 1988.
12. VALLEY TIMES, 24 January 1988.
13. The brightness of a laser is defined as the energy emitted per unit of solid angle, in other words, it is the value of the energy released divided by the square of the beam's angle of divergence.
14. See SCIENCE, 20 June 1986, p 1495.
15. SAN JOSE MERCURY, 4 February 1988.
16. NEW SCIENTIST, 29 October 1987, p 24.



17. See CONGRESSIONAL RECORD, vol 133, No 196, 10 October 1987.
18. THE NEW YORK TIMES, 13 November 1987.
19. THE SACRAMENTO BEE, 4 December 1987.
20. See NATURE, 25 April 1988, p 645.
21. See THE SACRAMENTO BEE, 9 January 1988.
22. SAN JOSE MERCURY, 7 February 1988.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

### **Current Restructuring Processes Seen Aiding European Security**

18160001h Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 88 pp 114-116

[Report by Aleksandr Mikhaylovich Kokeyev, candidate of historical sciences, senior research fellow of the USSR Academy of Sciences World Economy and International Relations Institute: "Conference of Scientists of Socialist Countries"]

[Text] "European Aspects of the Creation of an All-Embracing System of International Security"—a session of the Standing Commission of Socialist Countries' Research Institutions for European Security and Cooperation held at the end of last year in Moscow<sup>1</sup> was devoted to this topic.

It was observed in the course of the discussion that there had been a pronounced revival of the debate concerning the place and role of security policy in the countries which are members of the European Community and the Western European Union [WEU]. The propitious changes in Europe associated with the successful completion of the Stockholm Conference, the signing of the Soviet-American INF Treaty and the scheduled new discussion of disarmament issues within the framework of the all-European process were leading to a certain change in the balance between "defense" and "detente" in the policy of NATO countries. Such changes contain additional opportunities for the shaping of more constructive East-West relations in Europe.

This has been manifested primarily in the endeavor to coordinate approaches to the situation taking shape in the arms limitation and disarmament sphere, which was reflected in the "European Interests in the Security Field" document adopted by the WEU states.

Attention is drawn to the following points: the convergence of the positions of the governments of WEU states concerning the basic content of cooperation in the sphere

of security policy and the need to extend it; the intensification of military-political cooperation between the FRG and France; discussion of the possibility of the establishment of bilateral cooperation between France and Great Britain in the nuclear arms field; the contours of cooperation which have appeared in the Paris-Bonn-London triangle in the field of security policy and military policy and also the expansion of interaction among France, Italy and Spain in the Mediterranean region and the marked stimulation of WEU activity aimed at the convergence and coordination of the positions of the countries incorporated therein.

The participants in the discussion observed that both conservative and liberal and social-reform forces of countries of the region are endeavoring to combine progress toward a new "security structure" in West Europe with the traditional "Atlantic" orientation and the priority of the NATO military organization. They are advocating a restructuring of the North Atlantic alliance in the direction of the creation of a so-called two-pillar structure (the United States and Canada on the one hand and the European NATO states on the other).

The conservative and liberal forces exercising government power in the majority of West European states are expressing unhappiness with the present state of affairs in the region. As before, rightwing conservatives are putting at the forefront the "threat" allegedly emanating from the USSR and the imaginary dangers for Europe connected with nuclear disarmament. They advocate the "nuclear deterrence" doctrine, a buildup of the nuclear potentials of France and Great Britain and the accelerated modernization of conventional arms based on the most modern technology and support the development of coordination in the sphere of security policy which contributes to both the West European states' increased contribution to NATO and consolidation of the alliance with the United States and the American military presence.

The majority of West European social democratic parties supports coordination in the field of security policy in its interconnection with a strategy of partnership of East and West of the continent. They support the "Europeanization" of security policy, the gradual nuclear disarmament of Central and, subsequently, all of Europe, the development of defensive military strategies and the creation of structures of the two blocs' armed forces guaranteeing "incapacity for aggression".

The participants in the discussion observed that the concept of mutual incapacity for offensive operations given maintenance of the military balance at the lowest possible level contained in the "Military Doctrine of the Warsaw Pact" document has many points of contact with the ideas expressed by various political forces, primarily the social democrats, in West Europe.

A whole set of measures, at the time of whose elaboration quantitative, qualitative and regional aspects should be taken into consideration, is required for the practical realization of this concept.



Quantitatively it is a question of the need for an absolute reduction in conventional armed forces and arms. Proceeding from the experience of the Vienna talks on a reduction in armed forces and arms in Central Europe (the "ascertaining numbers marathon"), this process could be stimulated by application of a methodological approach whereby the question of the quantitative composition of the armies is discussed at the end, and not at the beginning, of the negotiations. Mutual agreement on a lowering of the upper limits of the level of armed forces and arms, the timeframe within which this is reached and monitoring of compliance with the agreement would seem possible. The question of removal of the asymmetries which exist here could also be resolved in the course of this process.

As far as the qualitative aspect of the problem is concerned, it is necessary first of all, obviously, to reduce the forces and weapons systems which are considered particularly dangerous and which are of an offensive nature.

Great attention should be paid in the very near future to the achievement of an agreement that the destruction of some types of arms not be compensated by the introduction of other, qualitatively new, types.

Regionally, it is a question of the adoption of special measures which would reduce to the minimum the danger of the surprise outbreak of an armed conflict in Europe, and the need for the disengagement and withdrawal of forces and the most dangerous arms on both sides of the Warsaw Pact and NATO line of contact in Central Europe is becoming increasingly urgent.

Questions of a lessening of the danger of the outbreak of nonnuclear war in Europe were also discussed at the session.

The use of modern nonnuclear weapons on European territory would in terms of its consequences be immeasurably more devastating than WWII and, in the unanimous opinion of many specialists, would in practice be tantamount to a nuclear war, as a consequence of the fact that in both the western and eastern parts of Europe new nuclear power stations are operating and being built and numerous heat and power plants and hydroelectric power stations, large-scale complexes of heavy industry enterprises, chemical plants, numerous oil and gas pipelines and huge stores of various types of fuel are functioning. Plants producing various types of military equipment and military supply dumps are dangerous targets also.

The majority of the speeches voiced the idea of the need to shape new thinking in the military sphere and elaborate a theory of the prevention of war in place of the former theories of waging and winning wars.

Problems of economic security occupied an important place in the discussion. The following were mentioned as being among the most important factors here.

Polycentrism is not as strongly expressed in Europe as in other regions. The existence there of two integration associations—the EC and CEMA—affords more propitious opportunities for the development of economic cooperation.

There are in Europe no centers of conflict containing a direct threat of war.

West Europe is connected most closely with the United States in the military, political and economic respects; at the same time relations between them are characterized not only by cooperation but also rivalry, which has recently been manifested distinctly in the sphere of the development of new technology.

In no other part of the world is there such an accumulation of military power and arms of all kinds, which makes Europe particularly vulnerable in the event of nuclear war and makes exceedingly acute the problem of search for ways to prevent catastrophe. One of these ways is economic cooperation and security.

Of course, East-West relations in Europe have been strongly politicized. This does not mean, however, that economic interest in the development of cooperation with the East is lacking among Western countries. It may even be maintained that, despite the "cold war" and confrontation, economic relations have been preserved and developed, albeit highly unevenly, in Europe.

Besides territorial proximity and the historically evolved economic relations between the states, economic interdependence in the region is determined by such objective factors as the presence of a strongly developed infrastructure, powerful industrial potential, abundant raw material and energy resources and extensive market possibilities.

To this it should be added that the states of the region are confronted increasingly seriously with the problem of ecological security.

The lagging somewhat of West Europe behind the two other capitalist centers could be an additional incentive to the West European countries' participation in the process of the establishment of cooperation and the creation of a system of economic security.

Many ways and means of ensuring European economic security were recorded in the Final Act of the Conference on Security and Cooperation in Helsinki. A number of basic propositions concerning international economic security contained in the appropriate UN documents is applicable to Europe also.

The main imperialist states do not, as practice has shown, accept the socialist countries' concept, believing it to be contrary to the interests of their national economic security. All-European scientific discussion and

conferences and political consultations to ascertain similar or common interests would evidently be expedient as a first step on the way to the search for a mutually acceptable formula.

As mentioned, it is difficult at the present time precisely determining a specific program pertaining to the creation of an all-European economic security system. It is possible to speak rather of possible stages of the solution of this question: we should begin with contacts between the socialist community states and capitalist countries of the region and the proposal concerning all-European scientific and political meetings to discuss problems and ascertain spheres of possible interaction. A model of European economic security could be formulated at this stage; negotiations for the achievement of specific agreements and accords on individual problems or a whole set of problems could be conducted at the second stage.

Great interest in the course of the session was displayed in humanitarian problems. The scholars who spoke in the discussion were unanimous that there are considerably fewer contentious problems in the sphere of culture and education than on other humanitarian issues. While supporting the development of a variety of individual contacts, between people working in the arts included, the socialist countries believe, however, that states should create the best conditions for this cooperation contractually.

Mention should be made among the factors which could primarily contribute to an expansion of cooperation in the humanitarian spheres and the creation of a system of security in Europe, the participants in the session believed, of:

- the changes which are currently occurring in practically all countries of the socialist community for the purpose of imparting to socialism new dynamics of development and democratizing and perfecting political, economic and social structures and their functioning mechanisms. The intensive social and economic development requires the considerably more extensive enlistment of the socialist countries in international cooperation;
- the democratization of society in the socialist countries, the extension of individual rights, glasnost in social life and a readiness for a more flexible approach to the solution of humanitarian questions in relations with other countries have limited considerably Western states' propaganda, political and ideological field of maneuver;
- the positive changes in the international situation contributing to the development of the dialogue of states of the opposite social system;
- the increasingly broad recognition of the community of the European cultural heritage. This has been reflected in, specifically, the extensive support for the

Polish-Austrian proposal submitted at the Vienna meeting concerning a symposium to be held in Cracow on the common cultural heritage of the participants in the All-European Conference.

The participants in the discussion observed that the creation of a European security system is a lengthy process encompassing all spheres of international life. The new political thinking and the more dynamic and open approaches to a solution of the problems connected with it being demonstrated by the socialist countries will contribute to a considerable extent to the success of the creation of such a system.

#### Footnote

1. For more detail on the history of the creation and activity of the commission in preceding years see V. Razmerov, "Constancy in Research" (MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA No 2, 1987, pp 121-126).

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

#### Opportunities for Increased Soviet Countertrade Deals Assessed

18160001i Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 8, Aug 88 pp 122-125

[Article by Taras Valentinovich Kobushko, candidate of economic sciences, associate of the All-Union Research and Design Institute under the rubric "We Answer Readers' Questions": "Countertrade"]

[Text] A number of readers calls attention in letters to the editors to the term "countertrade" which has recently been encountered often in economic literature and suggests that the meaning of this concept be specified and that the scale of the development of international reciprocal trade transactions be assessed in the journal.

Countertrade deals were regarded in Western business circles prior to the start of the 1980's as some vestige of the times of the undeveloped state of currency-finance and trade relations. This approach prevented the advancing wave of international contra transactions being described.

The quantitative characteristics of the "countertrade boom" are very impressive. At the start of the 1980's it encompassed 20-25 percent of the world trade volume<sup>1</sup>; almost 100 countries encourage contradeals in their trade policy in this form or the other. The majority of the major industrial companies of the capitalist world has special countertrade subdivisions. State-run associations

and institutions promoting such transactions are appearing one after the other. Nor have the socialist countries remained aloof from this process. Approximately 100 industrial facilities were built from 1976 through 1986 in the Soviet Union alone within the framework of compensation agreements anticipating significant amounts of countertrade transactions.

A kind of reflection of the growth of the process of this form of trade has been, perhaps, the increase, overtaking it even in terms of speed, in the number of publications, scientific studies and special conferences and symposia. Special periodical publications have appeared and monographs have been written. Active discussion on problems of countertrade deals is under way in the UN Economic Commission for Europe, the GATT, the OECD, the IMF and other organizations.

The illustration of countertrade in Western economic literature is predominantly of a critical nature. The objective prerequisites of its development under current conditions are denied. Contra transactions are identified with the barter of past years, and they are called a step backward and a form of protectionism and bilateralism restricting free international trade.

The negative attitude of the majority of experts has not contributed to the formulation of a commonly accepted definition of this concept. In the majority of cases authors count on the readers' purely intuitive perception of the meaning of the term "countertrade," declaring that it serves to denote some "barter-like," commodity-exchange, "noncash" deals or deals in which commodity deliveries replace, as it were, payments in monetary form. There is also a number of definitions differing from one another considerably and reflecting this aspect of the said phenomenon or the other. In our opinion, the roots of the community of the diverse countertrade deals should be sought in the sphere of the financing of foreign trade transactions for the essence of the said sphere of commercial relations consists of the financing of foreign trade transactions not from the proceeds of the export of arbitrary commodities in a specific market determined in advance within a fixed time period. The definition itself may be formulated thus: a foreign trade transaction is a countertrade transaction when the buyer finances his purchase or part thereof by earnings from the sale on a foreign market of a specific set of commodities and/or services with the aid of the seller. The seller's participation in this sale here may be direct (the seller himself purchases the buyer's commodities) or indirect (the seller provides on certain terms for acquisition of the buyer's commodities by a third party).

A critical approach is needed also to Western versions of classification of the forms of countertrade, on account of the logical and terminological inexactitude typical of them in a number of cases included. A principal flaw of Western classifications is the fact that the basis thereof is frequently made not the economic essence of phenomena but the organizational-technical aspect, which leads

to the coexistence within the framework of one and the same list of both independent forms of countertrade and simply different technical methods of realization of these forms. The terminological confusion leads to virtually one and the same form being denoted in different sources by several names or one and the same term being applied to various phenomena.

In accordance with its economic nature, the countertrade sector may be divided into three main groups:

I. Deals effected on the basis of exchange in kind.

II. Commercial deals providing for the seller's participation in the sale of the commodities offered by the buyer and constituting in terms of value a certain percentage of the original supply.

III. Contra deliveries as a component of industrial cooperation.

Deals effected on the basis of exchange in kind represent the most ancient type of countertrade transactions—barter. A characteristic feature of the barter deal is the presence of a single contract which records the physical volumes of the commodities being exchanged. The countertrade commodity flows move, as a rule, simultaneously, and the quantity thereof is not influenced by a change in the price proportions on the world market. Owing to its suitability merely for a limited set of homogenous commodities of basically raw material origin and the practical absence of freedom of maneuver, pure barter is, perhaps, the least prevalent transaction in contemporary countertrade.

Commercial deals providing for the seller's participation in the sale of the commodities offered by the buyer constitute the most prevalent class of countertrade transactions and are distinguished by the greatest variety of specific forms. The exporter's participation may be realized within the framework of countertrade deals of a given group by several methods. These could be the direct purchase of these commodities by the exporter either for intra-firm use or for resale to a third party, which more often than not is a specialized trading company. Another version is possible also: the exporter finds for the importer a customer for his commodities in his own or in a third country.

Countertrade deliveries which are a part of industrial cooperation serve international relations at the production sphere level.

The following forms of countertrade mediating industrial cooperation are the most prevalent.

1. Trade within the framework of cooperation on a compensation basis sometimes called compensation projects or, in accordance with Western terminology, product buy-back deals. Agreements concerning cooperation on a compensation basis provide for the supply to

the foreign partner on credit terms of producer goods, more often than not the equipment of composite enterprises and engineering services and the subsequent payment for the credit which has been granted with the earnings from the countertrade deliveries of the product of these enterprises. The overall timeframe of reciprocal deliveries per agreements on cooperation on a compensation basis depends on the time taken to install the production facility and to repay the credit and, as a rule, amounts to 5-8 years. The period of countertrade deliveries within the framework of particularly large-scale agreements, on cooperation in the sphere of the production and shipment of natural gas between the USSR and West European countries, for example, could even extend beyond the 20th century.

2. Countertrade deliveries within the framework of production cooperation. Such deliveries may be the consequence of a subcontract-type agreement where the exporter agrees to make countertrade purchases of commodities manufactured to his specifications. In this case he may transfer technology to his partner and supply the materials and even the equipment necessary to produce these goods. At a higher level of cooperation countertrade deliveries may constitute part of a production cooperation agreement within whose framework the partners negotiate several participation in the production of particular parts or components of some end product which they sell jointly. Besides purely industrial cooperation, cooperation in the sphere of marketing also is necessary here. A version where the parties specialize in the production and, correspondingly, supplies to one another of components of analogous, but not identical products (different automobile models, for example) sold by each partner independently under his own trademark is possible.

The absence of a generally accepted classification determines the great spread in the estimates of the value amounts of countertrade by Western researchers. Thus putting this trade in 1983 at 1 percent of world trade, the IMF examines merely purely barter deals, while other estimates, which attribute to countertrade transactions 40 percent of world commodity turnover, include all deliveries pertaining to the socialist countries' bilateral commodity turnover and payments agreements and also international clearing commodity exchange. Proceeding from the definition of countertrade transactions adduced above, they really account, evidently, for 20-25 percent of world commodity turnover: 40 percent of the developing countries' foreign trade, 20 percent of East-West trade and approximately 10 percent of the trade between OECD countries.

The young Latin American, Asian and African states have in many instances succeeded in getting Western countries to accept the demands for countertrade purchases, compensation for equipment deliveries with reciprocal import undertakings in respect of the products produced with this equipment and the export orientation of the enterprises created on their territory by foreign

capital. For many developing countries countertrade is the simplest and most efficient method of ensuring exports and obtaining foreign currency, and some see it as the sole alternative to a sharp reduction in their foreign trade. "It is not a question of choosing between free trade and countertrade but between countertrade and no trade" was how Malaysian Prime Minister M. Mahathir assessed the situation. The highly monopolized world markets of many types of product are frequently simply inaccessible to the developing countries' commodities without the assistance of the TNC, that assistance which the young states attempt to secure for themselves via the mechanism of countertrade agreements. Otherwise they will not overcome the artificial barriers which the Western countries create in abundance. Thus the EC's common steel policy is aimed, *inter alia*, against the ferrous metallurgy products from Brazil, India and other countries. The GATT intersectoral textile fibers agreement largely reproduces the outlines of the division of markets formulated by West European textile and synthetic fiber cartels and discriminates against Brazil, India, Colombia, Malaysia, Pakistan and Thailand. American and West European electronics import restrictions affect Hong Kong, Mexico and Southeast Asian countries, footwear restrictions, Asian countries, and so forth.

Since the mid-1980's countertrade has become very prevalent as a means of granting concealed price concessions and circumventing OPEC quotas by the Near and Middle East oil producers. Thus in 1985-1986 up to 15 percent of the oil exported by the OPEC countries was sold via the countertrade mechanism. In value terms this means that even without regard for the oil-producing countries which are not OPEC members \$25-30 billion of oil was supplied in this period on a noncurrency basis. Most active use of the export-import linkage for marketing oil is made by Iran, Iraq, Libya and Algeria, less frequent by Saudi Arabia and Qatar. The value of the reciprocal deliveries given such deals is liable to be very high. Thus in 1984 Saudi Arabia concluded an agreement on the acquisition in the United States of 10 Boeing 747 aircraft with payment in \$1 billion worth of oil, and in 1985, an agreement with Great Britain in accordance with which the cost of 132 military aircraft (\$4 billion) is to be covered by oil deliveries over a 3-4-year period.

The 1980's have brought considerable changes in respect of countertrade on the part of business circles of the developed capitalist countries. There has been a transition from the passive antipathy with which it was perceived quite recently even to the active use thereof as a most important tool of competitive struggle.

In relations with developing countries the FRG, France and Japan are actively implementing so-called import-assistance development projects which are of the nature of compensation cooperation in extractive industry. Merely thanks to the realization of such agreements signed in the 1970's, almost 70 million tons of iron ore,

more than 3 million tons of nickel and 2.4 million tons of manganese ore, almost 2 million tons of bauxites and alumina, 900,000 tons of aluminum and a considerable quantity of copper, chromium ore and tungsten will have been imported by these countries in the current decade.

Countertrade between capitalist countries is exercised predominantly in the form of offset agreements at the time of the placement of big orders for aerospace and military equipment. When making costly and, furthermore, frequently politically unpopular purchases of military products overseas, Western countries often demand of the suppliers reciprocal undertakings pertaining to assistance to their exports, the acquisition of some locally made component products, the transfer of technology, the encouragement of tourism to the importing country and other forms of compensation for the expenditure.

An important factor of the development of countertrade was the creation at the start of the 1980's of its organizational and information infrastructure in the developed capitalist countries. Government or semigovernment organizations promoting national companies' participation in countertrade (the Foreign Trade Compensation Transaction Association in France and the Evidenzbuero in Austria, for example) and also private organizations (the Reciprocal Trade Information Center functioning in Canada and the American Association of Reciprocal Trade Corporations) are functioning in many of them.

Specialized information companies ([Betis] International Business Services in London or World Trade Data Systems in Boston, for example), which, using data banks, select the other contracting parties for countertrade deals, have been formed. Similar functions are performed by many major banks, which have in recent years been assuming increasingly often the role of mediators in the exercise of interlinked transactions and setting up their own specialized daughter commercial companies for this purpose.

The practice of the leading TNC's creation of their own countertrade subdivisions has become widespread in recent years. Thus in the United States approximately half of FORTUNE magazine's biggest industrial corporations have such branches and daughter firms. As a ramified network of trading companies specializing in countertrade transactions is formed, the transfer of obligations pertaining to such purchases is facilitated, which increases the commercial attractiveness of the deals. An offer of countertrade purchases is becoming a trump card in the struggle for contracts.

The multifaceted nature of TNC activity within the framework of the fulfillment of offset commitments may be illustrated in the example of the American Northrop corporation, one of the first to employ the countertrade mechanism and to occupy a leading position in this field. Taking advantage of extensive international relations

(150 permanent representatives in 80 countries), it ensures for the purchasers of its aircraft orders for hundreds of millions of dollars. Thus following Switzerland's acquisition in 1975 of F-5 aircraft from the firm, Northrop prepared and put out a reference work on 150,000 Swiss commodities, helped increase from 25 to 200 the number of Swiss companies trading with Saudi Arabia, found in Egypt customers for elevator equipment, offered Turkey a metallurgical complex (\$20 million) and in Indonesia helped the Swiss Holderbank draw up a plan for the construction of a cement works with \$70 million worth of supplies from Switzerland. By the start of the 1980's the company had promoted Swiss exports to 80 countries totaling \$209 million altogether.

For the Soviet Union the most theoretically developed and actively employed sphere of countertrade is, as already observed, industrial compensation. Industrial enterprises built within the framework of compensation agreements secured in the two preceding 5-year plans export proceeds of R22.5 billion; by 1985 the annual volume of compensation agreement export supplies had grown to R4 billion and is continuing to increase. However, mention should be made of the sectoral narrowness of the application of this form of foreign economic relations: gas supplies accounted for 80 percent of compensation exports in the period 1975-1985. Chemical commodities, petroleum products, lumber and coal were supplied in compensation also. Of the approximately 100 enterprises built on a compensation basis, 31 are producing mineral fertilizers, 49 pertain to other sectors of chemical and petrochemical industry and the remainder are concentrated predominantly in gas, coal, timber and wood-processing industry. Mechanical engineering, instrument making and consumer goods production have been practically untouched by cooperation on a compensation basis. As far as the other forms of countertrade are concerned, a uniform scientifically substantiated strategy and mechanism of linking import transactions with assistance from our contracting parties in the sale of Soviet commodities and services overseas has yet to be formulated in the USSR. There is no single coordinating center capable of drawing up proposals infringing the competence of various ministries and departments.

Experience shows that the infrastructure of interlinked transactions which has been created in the majority of developed countries in recent years makes reciprocal purchase offers more acceptable to Western companies than previously. However, practice testifies also that the demand concerning direct reciprocal commodity purchases is frequently reflected negatively in the possibilities of initial contract negotiations and import price levels. Any deals connected with imports contributing to the growth of the USSR's currency proceeds could be an alternative to direct reciprocal purchases. These include agreements providing for assimilation of the manufacture and exports of components (production cooperation); commitments pertaining to the enlistment of the

USSR in cooperation in respect of orders of third countries and joint participation in tenders; orders for S&T research efforts in the USSR; arrangements concerning the dissemination of information on the possibilities of Soviet suppliers and the advertising of Soviet industrial products; commitments pertaining to the use of freight shipment and insurance services and also services accorded overseas representatives on a business assignment by Soviet organizations; arrangements concerning the encouragement of tourism to the USSR; and so forth. The creation of a specialized commercial information organization storing current data on countertrade supply resources could also contribute to the increased efficiency of the use of countertrade in the Soviet Union's foreign economic relations.

#### Footnote

1. Estimate based on a study conducted in the USSR Ministry of Foreign Economic Relations All-Union Research and Design Institute by S. Ponomarev in conjunction with the author.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

**Extent of Japanese 'Militarization' Debated**  
18160001j Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 88 pp 126-127

[Two letters: "On the Question of Japan's Militarization"]

[Text] Issue No 1 for this year carried V. Rosin's article "Militarization of Japan: an Economist's View." We publish below two responses thereto.

Dear Editors:

The article which you published analyzes, inter alia, the role of highly developed industry and S&T progress in the militarization and armament of Japan. The author rightly points to the particularly dangerous consequences of the development of the process of the country's militarization now, "when the high-technology sectors which do not require a great consumption of raw material, fuel and power and their product is becoming an invariable and frequently the basic component of the latest weapons systems and combat equipment are coming to the fore...." Japanese S&T efforts are already being used extensively for the creation of weapons systems in Japan and in the United States and for realization of the SDI program. However, even while "not executing military orders formally," the author of the article continues, "Japanese firms could be working actively on an arms buildup" (p 85).

All this is true. One is surprised, however, by V. Rosin's incorrect approach to an evaluation of the position of other authors studying problems connected with Japan's militarization. Thus obviously wishing to introduce to the article an element of controversy, he writes that the works of A.P. Markov, M.I. Ivanov and S.T. Mazhorov exaggerate the danger of militarization inasmuch as they unduly emphasize the role in this process of the accelerated development in the 1950's-1970's of certain important sectors of Japanese industry. Several quotes taken out of context, whose arbitrary interpretation distorts the authors' positions, are adduced in confirmation.

Quoting, for example, correct assertions taken from two of my monographs published earlier about the fact that in Japan in the 1950's-1970's "the bulk of capital investments was channeled into expanding production in the sectors which are simultaneously the basis of Japan's military-industrial power also..." and that "priority in Japan is given the branches of science and technology which could serve as a sound basis for the organization of modern military production," V. Rosin writes: "He goes so far as to say that the successes in economic development are explained exclusively by preparations for military action" (ibid).

Why "exclusively," one wonders, and what has military action got to do with anything here? It was in my works, as in those of the other authors mentioned, a question of the creation of an industrial and engineering base, which enabled Japan to revive its armed forces, equipping them with modern nationally produced military hardware. The science-intensive, high-technology sectors about which V. Rosin writes did not at that time play a big part in Japan's industry.

The main capital investments in the 1950's-1970's were channeled into other sectors, the priority ones for those years. In metallurgical industry they increased 30-fold, in mechanical engineering, by a factor of more than 33, and in chemical industry, more than 35-fold. The accelerated development of precisely these and other most important sectors afforded Japan the opportunity not only to organize the production of modern military equipment but also to score obvious successes in economic and S&T progress. V. Rosin also points absolutely correctly in his article to the danger of the use of Japan's engineering achievements for a further buildup of its military potential.

However, this danger has not just arisen. It is a result of purposeful policy. And the militarization of Japan should be seen as a process in which the development of the priority sectors of industry in the 1950's-1970's (which my works and those of the other authors are about) played an exceptionally important part. Unfortunately, in spite of the obvious logic, V. Rosin is unwilling to acknowledge this, although he does not deny that "the greater a country's economic potential, the more opportunities it has for demonstrating it, in the military sphere included" (p 87).

No one would dispute the fact that the said sectors of industry are not military in themselves, as the ultra-modern high-technology sectors are not necessarily military. But they have served and continue to serve the goals of a buildup of Japan's military power. To deny this is to deny the facts. It all depends on the political orientation of Japan's ruling circles, and we know this full well. (A. P. Markov, doctor of historical sciences)

Dear Comrade Editor:

V. Rosin's article is, in my opinion, a highly promising step toward a sober analysis of a big and serious problem.

Virtually since the war the subject of Japan's militarization has been ever-present in our papers, journals and books. The motif of identification of all forms of economic development with increased military potential has been heard increasingly clearly from year to year here. No principal capitalist country catches it for militarization as much as Japan, perhaps. I sometimes have the impression when reading the corresponding material that a perfidious Samurai invasion of our Far East frontiers without war having been declared is a matter of the next few days.

I say plainly that the arguments of a number of journalists and scholarly personnel in connection with the Japanese military danger as a consequence of the increase in economic potential go far beyond the framework of abstract-theoretical speculation. They are essentially an absolutely fail-safe trick providing for their perpetrators tangible material and political capital, the amount of which is directly correlated with the scathiness of the construed wording. It would be all right were everything to be confined to satisfaction of their exclusively personal requirements! But the computations of those who are inclined to see a spurring of militarist fever in each additional kilo of industrial output frequently serve as a most convenient argument to which it is always possible to refer at the time of the adoption of the most important decisions on the allocation of our not unlimited financial assets and natural resources and the location of the productive forces.

For this reason the dispassionate balance of V. Rosin's article merits the utmost approval. Yes, today, as in past decades, incidentally, the range of options remains for the Japanese economy very extensive, and there is no trace of any predetermination whatever. But that it has as yet actually been developing as a purely consumer economy and that evidence of its transition to a military track appears fragile in the extreme is an obvious fact, to the impartial observer, at least.

I have to confess that I altogether approach the very term "militarization," in respect of whole countries particularly, with great caution. Indeed, if for passing judgment on the presence thereof it is sufficient to rely merely on data on the incremental trends of the proportion of

military spending in the budget or GNP and on an expansion of the quantitative scale and qualitative upgrading of the production of military products, by the law of associations one could go very far on the wrong track—just try finding on the globe even one state free of the said processes!

Consequently, something more, a more impressive set of really meaningful symptoms, is required for the diagnosis. And these symptoms are on the surface, as they say: one has only to look at Japan's relatively recent, prewar, past. Of course, military production also occupied a prominent position at that time—not to be compared to today's. However, this was only a detail of the whole picture of direct and indirect military control, becoming tighter and tighter before our very eyes, of the economy, of policy, of the entire life of the country and its people from top to bottom.

The capture by the military or its obedient puppets of the command posts in the mechanism of state power, general conscription, the constant development of military training in the educational institutions, the increased duration of reservists' term of active service, the establishment of army training camps for the youth, the implantation of a system of army fellow-countryman associations, the unbridled propaganda of military ideology, gendarme-police terror, the suppression of any hint of opposition, the cynical undermining of the rules of parliamentary democracy—these were the Japanese realities of the mid-1930's, these, evidently, constitute not an exhaustive, but at first approximation adequate list of the components of that nondetachable complex which is "worthy" of the name of militarization.

Are those times comparable to the present? I am sure that the members of the military clique of that time who died from natural causes, who were hung or who, after the defeat, committed suicide would commit collective hara-kiri were they to learn of such modern niceties as the staffing of the "Self-Defense Force" on a volunteer basis, parliamentary control of its numbers and budget, a civilian as its chief, prescribed by law, the dismissal of a general who permitted himself doubts as to the expediency of consultation with the government prior to the commitment to battle of units under his command and so forth.

Doubtless, there are forces in Japan, influential ones included, which are not averse to once again playing the militarist part, once again creating a barracks archipelago and once again giving the nation "Voltairian sergeant majors". However negligible the danger of the triumph of these forces, warning against it is our sacred duty. Only this needs to be done thoughtfully and honestly. (V. B. Ramzes)

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988



**Monograph Contrasts Resource-Saving  
Techniques in USSR and FRG**

*18160001k Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 8, Aug 88 pp 139-141*

[V. Karavayev review of book "Nauchno-tekhnicheskiy progress i ekonomiya materialnykh resursov v promyshlennom proizvodstve" (Scientific and Technical Progress and Savings of Material Resources in Industrial Production), edited by Doctor of Economic Sciences and Professor V.A. Martynov and by Professor K.H. Oppenlander, Moscow, Ekonomika Publishing House, 1987, 264 pp. Review is headlined: "Important Result of Joint Research"]

[Text] Published simultaneously in Moscow and Munich, the book in question reflects the results of long-standing research of the USSR Academy of Sciences World Economy and International Relations Institute and the West German Economic Research Institute. It illustrates the experience of the USSR and the FRG in the field of the rational use of and economies in material resources, and these problems are studied, what is more, in a broad national economic and international plane, with regard for the relationship of S&T progress, structural changes, capital accumulation and the intensification of production.

The choice of subject of the joint study of Soviet and West German scientists is by no means accidental: questions of resource-saving are the height of relevance to industrially developed countries and the world economy as a whole. As is known, in the 1970's the Western powers came up against a serious exacerbation of the energy and raw material crisis, whose consequences are making themselves felt still. On the other hand, as the work rightly observes, "certain difficulties came to light in the past decade in the economic development of the socialist countries, the USSR included. The economic growth rate slowed. Difficulties concerning resources arose" (p 6).

It is understandable that under these conditions an improvement in the use of material resources, as of other factors of production also, in the USSR really "has become an urgent imperative" (p 10). And a positive role could undoubtedly be performed here by the study and use of progressive overseas experience, particularly of the leading industrial states, in the material-saving sphere. This experience is collated in the book by authoritative West German scientists. On the other hand, our country also has things to share in this field.

The monograph is characterized by a symmetrical structural format: two sections—on the USSR and the FRG—with a general introduction and conclusion. Each was written by scientists of the corresponding country, but the pattern of exposition of the material is the same. This makes it possible to reveal both similar features of the two countries' experience determined by the high level of

their technological development and the differences ensuing from the specifics of natural conditions and sociopolitical systems. As a whole, the view of the urgent economic problem of resource-saving from dissimilar standpoints has proven highly useful and made it possible to ascertain a number of common trends and approaches to its solution.

Specifically, the idea of the merger in a single process of three streams of S&T progress expressed in the introduction appears highly fruitful: improvement of the applied technology and introduction of radical innovations and, finally, important S&T discoveries leading to a fundamental revolution in equipment and technology. It is their optimum combination, and by no means the emphasis of one or the other (reliance on coming technical revolutions, for example), which leads to real progress in resource-saving.

The work has been written from the standpoints of realism and contains a strict scientific analysis of the situations in both countries. Thus the Soviet section rightly notes that "compared with the best world standards more raw material, intermediate products and energy are expended per unit of national income (sectoral net product)" (p 33). The most important government decisions and large-scale programs for economies in material resources which have been adopted in our country are described and estimates of the dynamics of output's material, energy and metal consumption are made. The positive changes in these parameters, recently particularly, are shown. At the same time, however, the adduced data confirm that "we have encountered many difficulties en route to the intensification of production. First, it is proceeding slowly; second, its results measured by economies in resources per unit of national income do not correspond to the possibilities afforded by the current stage of the S&T revolution" (p 10). The statistical data for last year corroborate this thought.

As far as the future is concerned, very high quotas have been set in respect of a reduction in material consumption and economies in resources. The main hopes for their achievement are linked on the one hand with structural changes in the economy like "the permanent transition from the base, capital-, material- and energy-consuming, as a rule, sectors to sectors relying in their development on the progress of science and technology and skilled personnel" (p 46) and, on the other, on [as published] technical progress. It is from this angle that the experience and ways of saving primary raw material resources and also the use of secondary raw material and the implementation of energy-saving measures in the USSR economy illustrated in individual chapters of the Soviet section are examined. Like the monograph as a whole, they are filled with a wealth of factual and statistical material which is informative in the highest degree and which at the same time contains valuable conclusions and serious inferences. Thus chapter 2, which is devoted to economies in primary raw material in the example of such a material-intensive sector as

ferrous metallurgy, ends with the conclusion that "the material-intensiveness of the ferrous metallurgy product will be reduced thanks to the better use of each ton of iron, a reduction in the consumption of pig iron and coke, an end to the smelting of blast furnace ferroalloys, a reduction in steel consumption as a result of a change in the structure of the steel industry and the extensive introduction of continuous steel-casting plants and also thanks to the better use of metal in mechanical engineering, metal working, construction and transport" (p 75).

Understandably, when it is a question of a planned economy such as the Soviet economy is, the main emphasis is put on material-saving measures planned at the macrolevel and the introduction in industry of resource-saving technology. At the same time, however, the role of economic factors, whose significance is growing sharply under the conditions of radical economic reform, cannot be underestimated. And the Soviet authors, specifically, write that "great energy-saving potential is contained in the organization of management of the national economy, to which particular attention is being paid at the present time" (p 143). Specifically, they note, "special attention, given further improvement of the economic mechanism, is being paid to the determination of the price of energy resources. This component, decisive in the system of society's economic relations, still remains a weak spot. Improvement of the system of prices of fuel and power with regard for their actual worth to society and the enterprise will make it possible not only to increase energy savings in general but also to channel them toward economies in the energy resources in the shortest supply" (ibid). This measure is extremely necessary for the engagement of the economic mechanism of resource saving under the conditions of the full economic accountability and self-financing of the enterprises.

In the FRG's market economy it is the prices of material resources which are the decisive parameter which determines the resource-saving policy pursued mainly at company level. This was manifested particularly in the 1970's-start of the 1980's under the conditions of the two "explosions" of the world oil price, which entailed an increase in the cost of other types of raw material. The FRG economy reacted to this with an impressive reduction in specific consumption of the most important material resources, and in the period 1980-1982 with an absolute reduction in their consumption (p 146). Attention is attracted particularly by the fact that the reduction in material, energy and metal consumption can be traced not only in industry as a whole and the major sectors but also in subsectors and individual types of production. There is great significance in the rational use of secondary resources for a country which is relatively so poor in natural resources and where, for example, domestic production of energy raw material satisfies only 44 percent of consumption. "Under the influence of the efforts pertaining to raw material provision secondary processing assumed the significance of a component

of West German raw material policy in the 1970's," the authors write, supporting this proposition with specific data (p 210).

The analysis of the long-term trends of the dynamics of energy consumption in FRG industry reveals a very interesting picture. By the end of the first decade examined (1970) and the second (1980) it had declined 26 and 22 percent respectively. "This fact," we read, "is amazing if the differing energy price dynamics in the two decades are considered" (p 230). Whence the far-reaching conclusion that it is not only the price dynamics which are the determining factor of a reduction in energy consumption, there are also other factors (operating in the same direction), specifically, those connected with technical development. This lends substance to the Soviet specialists' important supposition that the reduction in the price of oil and energy carriers in 1986-1987 "will not bring about cardinal changes in this sphere" (p 211). In fact, the reduction in energy consumption as a component of production intensification is becoming an inertial process brought about by the long-term impact of S&T progress.

The West German section accords state-monopoly regulation of energy consumption and the stimulation of energy savings relatively little space. Government measures in this sphere include the granting of information, consultations and assistance to firms in the organization of resource-saving and also financial support for industrial capital investments aimed at saving energy. This includes, specifically, government-financed investment allowances of the order of 7.5 percent at the time of installation of energy-saving devices (p 217).

The computation of material and energy consumption not only in terms of industry as a whole but by sector and subsector on the basis of the net product is of procedural interest in this section. The use of econometric models for estimating the energy and other factors of production and their interchangeability and complementarity and also the price elasticity of energy demand (p 245) merits attention also.

The interesting, complex study is not without certain lacunae. Specifically, our authors should have adduced somewhat more material on the economic mechanism of resource-saving and its restructuring within the framework of the radical economic reform. Our colleagues, on the other hand, have reflected inadequately the influence on material resources and their use of the policy of the Economic Community and the International Energy Agency.

The work contains much statistical material and, specifically, international comparisons in respect of the indicators in question, but there are practically no comparisons of qualitative indicators of material, energy and metal consumption in the two countries, which would have been apposite here. Very little space has been

accorded the cooperation of the USSR and the FRG in the sphere of the use of material resources, although this subject undoubtedly merits serious attention.

We would note in conclusion the main point: this monograph is a unique publication and for this reason a significant event in the scientific life of the two countries. I would like to wish for its authors continued fruitful cooperation and important new publications.

**COPYRIGHT:** Izdatelstvo TsK KPSS "Pravda". "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1988

### **Seminar, Meetings at IMEMO Institute Chronicled**

*181600011 Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 88 pp 148-149*

["Chronicle of Scientific Life at the Institute of World Economy and International Relations of the USSR Academy of Sciences"]

[Text] The second seminar within the framework of the "Capitalist Economy: General and Particular" problem, which was held in the institute on 20 June 1988 (the material will be published in our journal), was devoted to exceptionally important, priority questions, perhaps. Its theme was "Bureaucracy in the Modern World: Theoretical Problems of Research". This interesting working meeting of the scientific community (more than 130 scientists and social science lecturers of Moscow VUZes, representatives of other of the country's research centers and institutions and current affairs commentators took part) was organized by the "World Economy and Foreign Economic Relations of the USSR" Department of the All-Union Economic Society [VEO] Central Board in conjunction with the USSR Academy of Sciences Institute of World Economy and International Relations [IMEMO] VEO Council.

Opening the seminar, G.L. Faktor, candidate of economic sciences and council chairman, in particular, observed that in the heat of the struggle for the success of perestroika the press, radio and television and figures of our stage and motion pictures are virtually daily raining down powerful critical "volleys" on the highly organized and very strong and cohesive national bureaucracy (which is as yet, incidentally, defending itself quite efficiently and confidently, if not to say, expertly). There is a frequent endeavor today to portray precisely it as the main obstacle in the way of urgent historic transformations in the economy and social life. Some commentators have hastened to elevate the bureaucracy to the level of a particular class, from which it follows that our science and public consciousness as a whole are as yet far removed from a full comprehension of the true nature and essence of this more than complex socioeconomic and political phenomenon.

The high scientific and theoretical standard of the debate was "set" by five specially prepared papers, which reflect the said problems comprehensively and in detail against a vast, essentially universal, social and political background with particular attention being paid to the subtlest nuances of the specifics of the actual historical conditions of the inception, development and functioning of the phenomenon in question. "Bureaucracy of the Modern World: General, Particular, Individual" was the subject of the speech of Doctor of Historical Sciences M.A. Cheshkov (USSR Academy of Sciences IMEMO). M.N. Afanasyev (Moscow State University) devoted his paper to an analysis of bureaucracy under the conditions of real socialism. Candidate of Historical Sciences L.A. Sedov (Sovetskaya Entsiklopediya Publishing House) offered the participants in the seminar a report entitled "From Bureaucracy to Logocracy (Based on Material of Soviet Social Studies of the 1930's-1970's)". Doctor of Historical Sciences V.F. Li (USSR Academy of Sciences Oriental Studies Institute) delivered a paper on the subject "Bureaucracy in the Developing World". Finally, the speech of Doctor of Philosophical Sciences Yu.A. Vasilchuk (USSR Academy of Sciences IMEMO) analyzed the dialectics of administrative structures under the conditions of the S&T revolution.

In the course of the subsequent discussion of the papers various viewpoints were expressed reflecting our social scientists' far from synonymous ideas concerning the nature, place and role in the social and historical process and, particularly, the prospects of the said phenomenon. The emphasis on an in-depth theoretical analysis and the methodology of the question which distinguished the seminar's work determined to a considerable extent the diversity of the ideological constructions and arguments which were advanced and investigated—the "statocracy," "logocracy," "administrative leadership" and other concepts.

The majority of the speeches of the participants in the debate expressed the key idea that the bureaucracy is not a particular class and that its existence (in this transformed aspect or the other) is objectively necessary under the conditions of a social system with a developed modern state formation. Thus it was emphasized that the proposed practical programs of an antibureaucratic nature should not be confined to some "debureaucratization" understood as a short-term campaign but provide for serious, painstaking (and, evidently, very long-term) work on the shaping of a "civilized bureaucracy"—a highly skilled, relatively compact and efficient, properly "humanized" administrative and managerial machinery. Of course, such prospective programs must, as noted, be based on the available scientific-theoretical "process stock" in this field and, particularly, on the results of further basic research efforts.

Well-known Soviet economists, sociologists and political scientists—Doctor of Philosophical Sciences Yu.A. Levada (All-Union Center for the Study of Public Opinion on Socioeconomic Issues of the All-Union Central

Trade Unions Council and USSR State Committee for Labor and Social Problems), V.A. Martynov (IMEMO), corresponding member of the USSR Academy of Sciences, Doctor of Historical Sciences Ya.M. Berger (USSR Academy of Sciences Social Sciences Scientific Information Institute) Doctor of Economic Sciences B.I. Slavnyy (International Workers Movement Institute), Doctor of Historical Sciences S.P. Peregudov, Doctor of Historical Sciences G.I. Mirskiy, Doctor of Economic Sciences V.L. Sheynis, Candidate of Historical Sciences A.M. Migranyan (all IMEMO) and others—took part in the discussion.

\*\*\*

A meeting was held in the USSR Academy of Sciences IMEMO Department of General Problems of the Political Economy of Contemporary Capitalism between Soviet specialists (Doctor of Economic Sciences I.M. Osadchaya, Doctor of Economic Sciences V.I. Kuznetsov and Candidate of Economic Sciences V.P. Volobuyev) and F.J. Azcurro and O.P. Arizzio, representatives of the Argentine Central Party Central Committee Marxist Research Center. In the course of the discussion, which was held in a friendly, constructive atmosphere, topical problems of the current stage of the general crisis of capitalism were discussed in detail. The guests were notified of the main directions and nature of scientific research being conducted by the institute under the conditions of perestroika. At the request of the Argentine guests they were told comprehensively about the new conceptual approaches and developments in the channel of the problems discussed which have been developed in domestic economic science in the period since the Central Committee April (1985) Plenum and the 27th CPSU Congress.

\*\*\*

The institute was visited by Mukut Sakh, vice president of the Indian-Soviet Friendship Society. In the course of a discussion with IMEMO researchers (Doctor of Economic Sciences V.A. Nazarevskiy and Candidate of Historical Sciences A.V. Kovalev) he emphasized his great interest in the process of perestroika which is developing in the Soviet Union, primarily its economic aspects. An important place in the exchange of opinions was occupied by problems, which had attracted the guest's attention, associated with the changes in the system of management in agriculture, specifically, the development of practicable mechanisms and levers which may be employed by farm managers to interest the workers in an increase in productivity and output and a reduction in prime costs. M. Sakh also displayed an interest in the psychological aspect of the restructuring of the management system and expressed certain important considerations concerning the planned improvement in

the pricing mechanism in our country. Having emphasized his profound satisfaction with the results of this meeting, the Indian public figure expressed a sincere wish for the continuation of the practice of such fruitful contacts.

\*\*\*

The USSR Academy of Sciences IMEMO was visited by a group of Japanese international affairs specialists. It was composed of T. Kaneda, deputy director of Japan's International Problems Institute Soviet Studies Center, K. Sidara, deputy chief of Japan's Foreign Ministry Research Agency, and H. Yamamoto, second secretary at the Japanese Embassy in Moscow. In the course of the meeting with associates of the institute the guests obtained a comprehensive idea of the nature and content of the research performed here. They displayed interest in the Soviet program for the development of the Far East and expressed a number of considerations for discussion concerning the prospects of its realization. The Soviet side expressed, specifically, the idea of a wide-ranging discussion of the USSR's economic intentions in the Far East with the involvement of scientists of other states. The need for a search for and development of new forms of foreign economic relations was emphasized during the discussion of problems of the development of relations between our two countries. In this context Candidate of Economic Sciences V.I. Ivanov, head of the Pacific Studies Department, observed that joint enterprises, whose possibilities are definitely expanding under the conditions of perestroika, could be an important step in the right direction here. A number of other questions of a political and economic nature of interest to both sides was also touched on in the discussion.

\*\*\*

The institute received a visit from Andre (Rulofs), Moscow correspondent of the Netherlands newspaper DE VOLKSKRANT. He met with Doctor of Economic Sciences G.G. Diligenskiy, chief editor of MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA. In the course of the exchange of opinions the guest was familiarized in detail with a broad spectrum of Soviet social scientists' views concerning problems of current world development of interest to him and the prospects of economic and social progress, the communist and workers movement, the progress and actual tasks of the restructuring under way in the USSR and its salutary impact on the international-political situation and the development and practical spread of the new thinking. The Dutch journalist also had a chance to put together a comprehensive, objective picture of the manifold problems being tackled by the journal's editorial office on the paths of a fundamental restructuring of all of day-of-day work and the search for the means and methods of the maximum enrichment of its content and modern forms of the organization of publishing.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnoshe-  
niya", 1988

**Articles in MEMO Not Translated**

18160001m Moscow *MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian*  
No 8, Aug 88 pp 1-2

[Text] The Working Class in the Context of Epoch-  
Making Changes (A. Minucci) ..... pp 48-55

Regulation of the Capitalist Economy in the 1980's (V.  
Kuznetsov) ..... pp 56-67

India and China: Two Civilizations—Two Development  
Models ..... pp 81-93

Particular Features of Quality Control in the FRG (Yu.  
Yudanov) ..... pp 94-100

Europe's Demographic Present and Future (I. Ushkalov)  
..... pp 101-106

Child Benefit in Industrially Developed Countries (L.  
Solovyeva) ..... pp 107-112

Demographic Statistics ..... p 113

Capitalist Countries' Economic Policy in the First Half  
of the 1980's (V. Avtonomov, T. Krasnopol'skaya) .. pp  
117-120

The Unions and International Economic Security (I.  
Yurgens) ..... pp 120-121

Global Problems and the New Thinking (L. Volfson, G.  
Koval'skaya) ..... pp 128-137

Discussion Continued (F. Burdzhilov, S. Nadel) ..... pp  
137-139

Key Problems of the American Economy (N. Ranneva,  
S. Nikolayenko) ..... pp 142-145

The United States and Japan on World Markets (Yu.  
Osipov) ..... pp 145-146

From the Presses ..... p 147

**Publication Data**

18160001n Moscow *MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian*  
No 8, Aug 88

[Text] English title: WORLD ECONOMY & INTERNA-  
TIONAL RELATIONS

Russian title: *MIROVAYA EKONOMIKA I MEZHDU-  
NARODNYYE OTNOSHENIYA*

Editor: G.G. Diligenskiy

Publishing house: Izdatelstvo TsK KPSS "Pravda"

Place of publication: Moscow

Date of publication: August 1988

Signed to press: 18 July 1988

Copies: 24,000

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda".  
"Mirovaya ekonomika i mezhdunarodnyye otnoshe-  
niya", 1988